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Algeria	5.50	Iran	1.50	Israel	5.50	N.Y.	5.50
Austria	17.00	Italy	1.00	Lebanon	0.70	Rich	0.70
Bahamas	0.00	Jordan	0.00	Luxembourg	0.00	Spain	0.00
Bahrain	0.00	Kuwait	0.00	Malaysia	0.00	Switzerland	0.00
Bangladesh	0.00	Laos	0.00	Mexico	0.00	Taiwan	0.00
Belgium	0.00	Libya	0.00	Morocco	0.00	Thailand	0.00
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## Allies Face Crucial Decisions on East-West Arms Balance

By Bernard Gwertzman  
New York Times Service

WASHINGTON — The quick rejection by the United States, Britain and France of Yuri V. Andropov's proposals for arms control is regarded here as the first, and perhaps the lightest, salvo in what is an increasingly complicated year ahead in East-West relations.

Because the essence of the new Soviet leader's proposals on strategic arms reduction and on curbing intermediate-range missiles in Europe were already known from wanting by the allies weeks ago, they had trouble in saying they were unacceptable within the framework of Mr. Andropov's speech in the Kremlin last week.

But beyond the public postures of both Washington and Moscow, there is a private awareness here that there will be some intense negotiations within the administration and within the alliance in coming months to ensure that reasonable offers on arms control are examined, and that the Soviet Union not able to win a propaganda war that might cause problems for the deployment of the new U.S. intermediate-range missiles in Europe or for production of the X intercontinental ballistic missile.

In some ways, the discussions that are sure to occur this month on the possible fall-back positions may prove as interesting as those with the Russians.

A key figure, according to some administration officials, is likely to be Secretary of State George P. Shultz, who is still feeling his way on arms control issues. Mr. Shultz will have to play an increasingly volatile role in coming months if the administration opts its rather rigid position in favor of a strategy of forcing counterproposals to take the initiative away from the Russians.

Mr. Shultz had what amounted to on-the-job training during his recent seven-nation tour of Europe, which included participation in the winter meeting of the North Atlantic Treaty Organization foreign ministers.

The new secretary, however, has not shown his hand on arms control matters. When asked at press conferences, he has given standard answers drafted by the bureaucracy in Washington, and in his private talks with reporters, he has avoided saying anything that might indicate anything but full support for the current position. But it is Mr. Shultz's style to offer his original thoughts only to the president, and this has led to conjecture that he will do so after he feels more confident of the material.

During his trip, Mr. Shultz was told by Claude Cheysson, the French minister for external relations, and Foreign Secretary Francis Pym of Britain, among others, that 1983 will be the most difficult year for the alliance since World War II. One reason, they said, is the worldwide economic recession.

The other reason, they said, is that as next year's scheduled start draws near for deployment in Western Europe of the first of the 108 Pershing-2 missiles and 464 ground-based cruise missiles, the Soviet Union can be expected to make an all-out effort to provoke divisions in the alliance by a combination of threats and new arms control offers.

The alliance reaffirmed at the NATO meeting its three-year-old policy of going ahead with the deployment of the U.S.-made missiles targeted on the Soviet Union. But that 1979 accord is also premised on a major U.S. effort in negotiations with the Soviet Union to reach an agreement to make such deployment unnecessary.

The Pershing-2s can hit the Soviet Union without much advance warning, and are therefore more dangerous to the Russians. They are to be based in West Germany, and it is in that country that the domestic opposition to nuclear weapons is the strongest and where the Soviet Union is expected to make its most determined effort to prevent deployment of new U.S. missiles.

Foreign Minister Andrei A. Gromyko of the Soviet Union is to make an official visit to Bonn next month to confer with the conservative government of Helmut Kohl, whose tenure in office depends on the results of the elections set for March.

The U.S. position in the negotiations in Geneva on medium-range missiles has been popular with the allied governments because it is so simple to understand. The United States will forgo the deployment of its new missiles if the Soviet Union will dismantle the estimated 345 modern SS-20 intermediate-range mobile missiles it has deployed throughout the Soviet Union, of which about 245 are in European Russia. Each SS-20 carries three warheads.

The Russians have an additional 300 older SS-4s and SS-5s that are being replaced by the SS-20s.

The initial Soviet counterproposal to Washington's so-called "zero option" was to say that it would keep 300 missiles, presumably SS-20s, in Europe. If the United States would forgo the Pershing-2s and cruise missiles, it said that already the combination of allied bombers and British and French missiles in Europe more than compensated for their missiles.

After that proposal was rejected by the Americans, Mr. Andropov made public last Tuesday what already had been floated informally: the Soviet Union would reduce its missile force of SS-20s in Europe to the same level of French and British missiles — 162 — if the United States did not deploy the newer missiles. This proposal was easily rejected by the allies because

both Britain and France regard their nuclear missiles as weapons of last resort; the French, in particular, resent any effort by the Russians to count their weapons as equivalent to U.S. missiles.

There is considerable speculation here on what the next move by Mr. Andropov will be. Does he have the flexibility or support within the Politburo for an imaginative move that would form the basis for a breakthrough in the negotiations? Or is he going to stick with the Soviet approach, given the presumed opposition of Soviet military leaders to dismantling the SS-20 force?

Many U.S. and allied officials believe that if the Soviet Union makes another move, it will come later and will be aimed at trying to prevent the stationing of the more dangerous Pershing-2s in West Germany, perhaps by offering to cut their SS-20s to a low level on the condition that only some of the cruise missiles and none of the Pershing-2s are deployed.

In anticipation of this there is some sentiment for the United States to come up with a new fall-back proposal when the medium-range talks resume at the end of this month. But at the moment, agreement on just what to do appears remote.

Among those who want a more creative U.S. approach there is concern that simply adhering indefinitely to the zero option will cause problems with allied public opinion. They argue privately that Mr. Shultz will have to assert the traditional State Department leadership in arms control matters and take it away from the Pentagon where it has gravitated, particularly since Alexander M. Haig Jr. resigned last June.

The Arms Control and Disarmament Agency has had little or no influence in this administration and has been far from the gaudy on arms control matters that Congress envisaged when it set it up in the early 1960s.

## Israel, Lebanon Say Talks Will Start Tomorrow

By Edward Walsh  
Washington Post Service

JERUSALEM — Negotiations between Israel and Lebanon will begin Tuesday in Lebanon and continue on Thursday in the northern Israeli town of Kiryat Shmona, the Israeli cabinet announced Sunday.

The exact site for the first meeting was not announced, apparently because the planned location, the Beirut suburb of Khalde, is near the scene of fierce fighting in recent days between Lebanese Christian and Druze forces. However, the meeting is expected to take place in a beachfront hotel in Khalde.

The Voice of Israel radio reported Sunday night that Lebanon and the United States agreed with Israel to begin the talks Tuesday in Lebanon. The Lebanese state radio also reported Sunday that the negotiations would start Tuesday.

In making the Israeli announcement, Dan Meridor, the cabinet secretary, denied charges by Prime Minister Shafiq al-Wazzan of Lebanon that Israel was attempting to impose "unacceptable" new conditions even before the negotiations had begun.

Mr. Meridor said the Israeli position had not changed since the previous Sunday, when the cabinet approved what was described as a three-page document of understanding setting out the topics to be discussed during the negotiations and containing agreement in principle on some of them.

According to the Israeli version of the understanding, the talks are to cover the establishment of normal relations between Israel and Lebanon, creation of a "security zone" for Israel in southern Lebanon, and the withdrawal of Israeli troops from Lebanon.

Israeli officials have said there will be no troop withdrawal without agreement on the other two subjects, but the Lebanese have indicated that they are reluctant to become the second Arab country to establish normal ties with Israel.

Defense Minister Ariel Sharon announced the understanding Dec. 16, characterizing it as a "breakthrough" in the negotiating stalemate. At Sunday's cabinet meeting, Mr. Sharon reportedly was criticized by some other cabinet ministers for jeopardizing the negotiations by making a premature announcement and taking credit for the "breakthrough."

Mr. Sharon visited Beirut last Thursday in an apparent attempt to see that the negotiations would not hit any last-minute snags. According to press reports here Sunday, Mr. Sharon failed to obtain the signature of Lebanese officials on the document of understanding but did receive private assurances

## Japan's Defense Budget Will Not Be Increased As Much as Expected

By Tracy Dahlby  
Washington Post Service

TOKYO — Amid continuing calls from Washington for Japan to substantially boost its defense spending, the Japanese Finance Ministry has announced plans to limit increases in the 1983 military budget to 5.1 percent.

The figure, undershoots by a considerable margin earlier forecasts and this year's spending increase of 7.5 percent.

Prime Minister Yasuhiro Nakasone's cabinet is expected to add more funds to the Finance Ministry's \$113-billion spending proposal before it formally acts on the budget Friday.

Nevertheless, the final amount is seen to fall short of U.S. recommendations that Japan move more quickly to bolster its defenses to help offset the burden of U.S. military commitments in the Pacific.

A senior Finance Ministry official, who briefed reporters Saturday on the condition that he not be identified, said that austere spending limits had been set to cut Tokyo's budget deficits. In doing so, the fiscal authorities rejected a Defense Agency request that military outlays be increased by 7.35 percent next year.

In a public statement last week, Mr. Nakasone, who has stressed the need to improve ties with the United States, indicated that the defense budget should be increased by a minimum of 7 percent or honor Japan's commitments under its mutual-security arrangement with the United States.

Under Japan's complex budget-classification process, competing government departments are now set to be for shares of about \$250 million in extra budgetary funds set aside by the government. Final appropriations are to be worked out in negotiations among the ministries in the coming week, before the cabinet acts on the completed budget Friday.

According to defense and political analysts, Mr. Nakasone's attempt to substantially raise defense spending may prove to be the first real test of his ability to guide the country's powerful senior bureaucrats to a decision on a key national issue.



Pope John Paul II blessed pilgrims and visitors below in St. Peter's Square on Christmas Day. He also delivered an address to Rome and the world, and had special words for Poles.

## Pope's Wish for Poles: 'New Hope, New Light'

By Henry Kamun  
New York Times Service

ROME — Pope John Paul II delivered special Christmas wishes to his fellow Poles, saying that he prayed they would find "a new hope, a new light."

In delivering his "Urbi et Orbi" Christmas message to the city of Rome and the world Saturday, the pope said that he wanted to be with every Polish family, in every house in Poland, to be with those who suffer, with those who have been far from their dear ones.

Evidently alluding to the decision of the government of General Wojciech Jaruzelski to free most of Poland's political prisoners, the pope wished them "a new hope, a new light."

"It is necessary that men receive ever anew the message of Bethlehem, which remains perennially alive," the pope continued in Polish. "It is necessary above all that in this difficult situation it take on a very special form in our fatherland."

As he has done throughout the more than 12 months since the declaration of martial law, the pope weighed his words with evident care, avoiding direct criticism of the government.

Polish sources said they believed that the pontiff wanted to avoid endangering his planned trip to his homeland next year, which he is said by Polish sources to view as the most positive contribution he can make to improving his people's situation.

The pope invited the Roman Catholic world to participate actively in the fifty-year anniversary of the 1933 encyclical in which he proclaimed for 1983 and which will be inaugurated March 25. He called on Catholics to celebrate the year as the 1,950th anniversary of the Redemption, that is, the crucifixion of Jesus.

"To redeem means to restore man to God and God to man," the pope said. "To redeem means also to restore man to himself."

The pope made no allusion to politics other than in his remarks in Polish.

Although he greeted the Bulgarian people in their language, he made no reference to the controversy that has erupted in Italy over allegations by judicial and cabinet officials that Bulgarian government officials were linked to an alleged plot that culminated in the assassination attempt on the pope in St. Peter's Square on May 13, 1981.

On Friday night, the pope celebrated a midnight Mass in St. Peter's Basilica. Seven hours later he offered another Mass in his private chapel and followed it with a third Mass, in Latin, in St. Peter's before delivering his Christmas message.

## New CIA Study Shows Soviet Economic Gain First Western-Style Analysis Indicates Greater Growth Than Was Thought

By Bernard Gwertzman  
New York Times Service

WASHINGTON — In a long analysis of the Soviet economy, the CIA reports that in Western terms the Soviet gross national product has grown at an annual rate of 4.8 percent over the last three decades. But the agency adds that in recent years the rate has dropped to less than 3 percent a year because of poor harvests.

The 401-page study was released Saturday by the Joint Economic Committee of Congress, which commissioned it. In a statement accompanying the report, Representative Henry S. Reuss, Democrat of Wisconsin, the committee chairman, said, "This important study helps put into perspective for Americans the fact that the U.S.S.R., far from being on the verge of collapse, has experienced major growth."

The significance of the report, Mr. Reuss said, is that for the first time the intelligence agency has put together a formula for estimating the Soviet economy that is comparable to the way Western economies are evaluated.

Previously, he said, such analyses were "dependent on incomplete Soviet statistics and accounting practices."

Among the findings in the agency's report:

- Soviet military expenditures totaled 11 percent to 13 percent of the gross national product in 1970, and have increased at just above the average annual GNP growth rate since then, meaning that the share of the GNP devoted to military spending has increased slightly over the years. U.S. military spending dropped from 7.4 percent of the GNP in 1970 to 5.2 percent in 1981.
- The Soviet standard of living has increased rapidly over the last 30 years, with real consumption per capita rising at an annual rate of 3.5 percent — tripling in that period. But gains have been smaller in recent years, reflecting the drop in the overall growth rate. Living standards remain well below those of the United States, Japan and most of Europe, both East and West.
- The greatest benefits for consumers have been in durable goods, such as automobiles and appliances, and soft goods, such as clothing and other textiles. The major shortcomings have been in housing, with "per capita living space in urban areas in 1980 still remaining below the minimum norm for health and decency set by the government in 1928."
- The growth in food supplies has been low, but "the quality of the diet has nonetheless improved greatly, shifting toward a pattern of less reliance on bread and potatoes and more reliance on meat and dairy products — a shift typical of other countries as per capita income rises." But this shift has slowed in recent years because of "faltering agricultural progress."
- There has been a marked rise in investment as a percentage of the GNP, from 14 percent in 1950 to 33 percent in 1980, based on 1970 prices. In comparison, investment in the United States has dropped from 17.5 percent of the GNP in 1950 to 13.8 percent in 1980.
- The structure of the Soviet economy has changed dramatically since 1950, most significantly in the decline of agriculture's share of the GNP, from 31 percent in 1950 to 14 percent in 1980. Industry increased from 20 percent in 1950 to 37 percent in 1980.
- The most unusual shift is in the decline of services as a percentage of the GNP, from 29 percent in 1950 to 20 percent in 1980. This

## In Ethiopia, New Signs of Stability Days of 'Red Terror' Over, Capital's Streets Are Now Safe

By Bernard Edinger  
Reuters

ADDIS ABABA, Ethiopia — Eight years after deposing Emperor Haile Selassie, and more than five years after bloody internal strife known as the "red terror," Ethiopia's Marxist military government shows signs of growing stability.

The government of Lieutenant Colonel Mengistu Haile Mariam is still faced in the north with a 21-year-old rebellion in Eritrea and an increasingly bitter guerrilla campaign by secessionists in Tigray province, plus occasional fighting on the Somali border to the south.

But there are also signs of change. During the 1977 terror in the capital, Addis Ababa, gunfire resounded each night in fighting between the military and extreme-leftist students, and corpses would be found on the street in the morning. Today it is one of the safest capitals in Africa, diplomats say.

This is partly due to a curfew after midnight and the existence of a Soviet-inspired political security organization that operates street by street.

There is also little crime by day, or in the long hours before curfew when shoppers through the main streets or take the cool mountain air of Addis Ababa — "new flower" in the Amharic language — which is 8,000 feet (2,400 meters) above sea level.

Shops seem amply supplied with basic necessities, though there are lines outside bakeries because of rationing.

Unlike many African capitals, where homes for the rich lie far from huge shantytowns, Addis Ababa is a sprawling, unplanned, yet ungraceful mixture of modern residential and business centers interspersed with small rural-type settlements. Although the shacks in these village areas resemble those of shums elsewhere in Africa, those here have water taps and electricity, which are often absent in other countries.

But the capital, where goats and sheep sometimes graze close to modern office buildings or in the shadow of elegant international hotels, is not typical of the whole country.

Ethiopia is an agricultural nation, and 90 percent of its estimated 33 million inhabitants live in small villages that seem sometimes to be just emerging from the Iron Age.

Rural poverty is widespread, and occasional deadly droughts, as well as the effect of past civil strife and cross-border fighting, have left 4.5 million people living as virtual refugees within their own country.

The highly active Relief and Rehabilitation Commission brings them aid, working together with foreign donor groups.

However, Shile Adouma, the commission's chairman, complains that Ethiopia, because of political factors, gets one of the lowest levels of aid among the world's least-developed countries. He says Ethiopia gets \$8.50 per assisted person annually, compared with \$22.50 elsewhere.

The reasons for Western hesitation in aiding Ethiopia appear to lie in the country's complex yet close relations with the Soviet Union. A Western diplomat said that aid to Ethiopia is better used than in many other African countries, but that it frees Ethiopia to use its own funds for purposes opposed by the West.

Western embassies estimate that Ethiopia owes the Soviet Union \$2 billion for arms to equip the country's 300,000-man military establishment. An estimated 6,000 Soviet advisers are in Ethiopia, half of whom are military. The rest are doctors, engineers and other specialists.

No Soviet uniforms are to be seen in Addis Ababa outside the diplomatic cocktail circuit, but nationalistic East European countries wearing ill-cut civilian suits or blue jeans abound in shops and the streets. Jokes are told about them by some residents, but there seems to be no overt resentment against them among the population.

Cuban soldiers — there are 9,000 of them in the Ogaden region — are even less conspicuous in the capital.

During a recent week in the city, only two uniforms were seen. Wearing combat fatigues and Soviet-style wide-brimmed tropical campaign hats, they walked with open amazement through the dust of a giant bazaar. They appeared to be unarmed, self-conscious and penniless.

Some Western diplomats say Colonel Mengistu would distance himself from the Soviet bloc if it were not for his need of weapons.

Other Western diplomats take an opposite view and believe Colonel Mengistu only feigns playing off East against West. They believe the Soviet Union feels it more expedient for friendly governments to develop economic ties with the West, freeing Moscow of the need to pump money to them.



FIRE ON CHINESE AIRLINER — A Chinese airliner sitting on a runway in Guangzhou after a fire erupted in its rear portion, killing 23 of the 69 persons on board. At least 20 were injured. The Soviet-built turboprop plane made an emergency landing at the airport. Page 5.

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## Party in South Africa Facing Tough Choices Over New Rights Plan

By Joseph Lelyveld

CAPE TOWN — Prime Minister Pieter W. Botha's plan for extending limited political rights to two brown-skinned minority groups in South Africa, without opening the door to any effective role for the black majority, has presented the opposition in the country's white Parliament with some difficult choices.

Inevitably, the question of whether to accept or reject proposals raises the question of whether the official opposition, the relatively liberal Progressive Federal Party, will play any role in the new setup.

Some of its members are privately predicting that they will have no choice but to oppose the changes when they are formally presented to Parliament in the new year, and then to exit from the political stage.

The party's leader, Frederik van Zyl Slabbert, dismisses such forecasts as premature. But he concedes the members of his small caucus, which has 27 seats in a chamber of 177, are bound to face tough choices as individuals and as a group.

"We will finally have to decide, are we in or are we out?" Mr. Slabbert said. Asked to express his own instincts about how such a decision might go, he replied: "I'm not going to be some kind of constitutional decoration for an all-powerful executive, where I have no other role to play but simply give a questionable legitimacy to his decisions. I'm not prepared to go through the motions."

The constitutional proposals, which are expected to be enacted in the next session of Parliament, will turn the prime minister into an indirectly elected president and the present all-white Parliament into a legislature with three racially distinct chambers — for whites, for the mixed-race people called coloreds and for South Africans of Indian descent.

The proposals appear to ensure that the president will always be

white and that no combination of forces will ever be able to outweigh the majority party in the white chamber.

Mr. Slabbert said the exclusion of blacks is a "fatal flaw, as far as I'm concerned, in seizing this opportunity of getting reform going."

The party's course of action will have more of an impact on white politics than its numbers in Parliament might suggest. If it were to fragment or bow out, English-speaking whites, including much of the business establishment, would lose their main political vehicle, as would the small but growing number of disillusioned Afrikaners who have been attracted to the party since Mr. Slabbert himself, an Afrikaner, took over its leadership.

In Mr. Slabbert's mind, the question is whether there is a role for a centrist party in a period of increasing racial polarization. At least under the existing parliamentary system, he argues, there is the theoretical possibility, if not the likelihood, that the opposition could, as would the small but growing number of disillusioned Afrikaners who have been attracted to the party since Mr. Slabbert himself, an Afrikaner, took over its leadership.

But the new system — which purports to be based on an approach to resolving conflicts in ethnically divided societies that political scientists call consociational democracy — provides that deadlocks among the three chambers be broken by yet another body in which the largest single block would be appointed by the president himself. Thus, Mr. Slabbert argued, even the theoretical possibility of dislodging the government would be eliminated.

Such a mechanism, he continued, undermines the whole theory of a consociational system, which is designed to make compromise a necessity.

A consociational system that would be radicalized, he predicted, by the discovery that they cannot use their new political role to bring about basic changes in the apartheid system of racial segregation, while the excluded black majority would be alienated even further.

Asked about the generally positive stance that the United States, alone among Western governments, has been taking on the constitutional scheme, Mr. Slabbert said: "It's a rather sustained attempt at making a self-fulfilling prophecy come true. Washington's praise of the supposed reforms, he suggested, is subtly calculated to encourage genuine changes."

"I just sometimes feel," he continued, "that one has to come back to the realities of this situation here. At a time when we are seizing on constitutional proposals as a manifestation of reform, we are also tightening up on the removal of communities and the destruction of homes. The constitutional proposals bear almost no relation to the basic social-economic trends — migration to the cities, increasing rural poverty, unemployment."

### Cheysson to Visit Russia For Talks Early in 1983

PARIS — Claude Cheysson, the minister for external relations, will visit the Soviet Union for the first top-level diplomatic contact between France's Socialist government and Moscow, the ministry has announced.

Unofficial sources said Mr. Cheysson would probably go in February, possibly to prepare for an April meeting in Moscow between President Francois Mitterrand and the Soviet leader, Yuri V. Andropov. Some commentators saw the trip as a turning point in French-Soviet relations, which have been strained over the Soviet intervention in Afghanistan.

The commission, which is to be chaired by the two nations' foreign ministers, will deal only with trade, economic, cultural and scientific ties. It will not deal with some remaining political issues, such as the problem of Kashmir. Two of the three India-Pakistan wars since 1947 have been fought over Kashmir.

The statutes of the commission will be signed by the foreign ministers during a meeting here in March of the negotiating nations. The commission will meet once a year alternately in New Delhi and Islamabad, officials said.

## Zimbabwe Abduction: Long Silence

Dissidents and 6 Seized in July Seem to Have Vanished

New York Times Service

SEATTLE — Every morning before breakfast, William H. Ellis receives a call from the State Department. On most days the message is the same: "Good morning, this is P.J. We have nothing from Zimbabwe. If things change, we will call later on."

In a sense, the calls are reassuring. Yet, as daily reminders of how powerless Mr. Ellis and his wife are in their efforts to discover whether their son is still alive, they perpetuate a state of limbo.

Late last July, Kevin Ellis, 24, and five other tourists on a photography safari were kidnapped by political dissidents who said they would kill the hostages within a week if two political prisoners loyal to Zimbabwe's opposition leader, Joshua Nkomo, were not released.

Prime Minister Robert Mugabe refused to capitulate to the demands, and the two prisoners are expected to be tried Jan. 10.

The paramilitary dissidents and their hostages have not been heard from since. Mr. Mugabe sent 2,000 soldiers to sweep southwest Matabeleland, Mr. Nkomo's tribal stronghold, but the dissidents have eluded detection. They have ignored Mr. Nkomo's pleas that they free the hostages.

"We believe and trust in God that the hostages are alive," said Mr. Ellis. "They are political tools, so there would be no point in killing them. But when we do not know what is happening, it constantly chips away at us."

The State Department fears that

much publicity on the incident could "spook" the captors, according to an aide of Senator Henry M. Jackson of Washington.

For weeks after the kidnapping, Mr. Ellis and his wife, Dorene, got in touch each day with Brooks and Kay Baldwin, longtime friends in Walnut Creek, California, whose son Brent, 23, was also kidnapped.

The two young men had been childhood friends in Singapore, where Mr. Ellis managed a hotel chain and Mr. Baldwin was a vice president with BankAmerica Corp. Kevin and Brent were roommates before graduating recently from the University of Washington.

By September, the families believed they were being ignored by the Reagan administration, when they compared their situation to the controversy that surrounded the Iranian hostages. "Kay and I felt President Reagan was not participating enough and needed a kick in the pants to get him moving," Mrs. Ellis said.

She instigated a telegram and letter-writing campaign aimed at Congress and the White House. It generated 20,000 messages, Mrs. Ellis estimated.

Edward E. Carlson, chairman of the parent company of the hotel chain where Mr. Ellis is now a vice president, sent letters to friends in the State Department. About 900 students of the high school Kevin went to signed a petition and went to business asking, "Where is Kevin Ellis?"

At the urging of the parents, 80 congressmen sent a message to Mr. Mugabe. As the search continued

## Tass Warns Europe About 'Fatal Path'

Issues Indirect Appeal To Weaken U.S. Ties

MOSCOW

— Tass said Saturday that "West European countries must choose between following Washington onto a 'fatal path' of confrontation or pursuing détente by themselves."

In an indirect appeal to West European leaders to weaken or even end their alliance with the United States, the official agency said they should realize that U.S. and European interests were now divergent.

"Western Europe is now faced with an extremely important alternative, perhaps the most important one in its entire history," Tass said. "Either it will allow Washington to sidetrack it onto the fatal path of confrontation against the socialist world or it will realize its historical role and responsibility and embark on the sole sensible path, that of strengthening détente and peaceful, mutually beneficial cooperation."

Tass said Washington was committed to a crusade against communism that damages Western Europe's interests and was intended to make Europe economically and militarily more dependent on the United States.

The Tass commentary echoed appeals to West European leaders this year to reconsider the value of their alliance with Washington.

It said the relationship between Western Europe and the United States had changed dramatically since the North Atlantic Treaty Organization was founded in 1949. The United States then looked on the European countries as vassals but today Western Europe is economically and militarily more powerful than the United States, Tass said.

"Disregarding the new realities, Washington is out to regain for itself the role of undisputed leader" of the West, Tass said. By undermining East-West trading relations through sanctions, Washington wanted to weaken Western Europe's economic independence, it said.

In another article, the Communist Party said the Soviet Union was not to be deceived by the "disarmament" of the United States. It said the Soviet Union was not to be deceived by the "disarmament" of the United States.

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In describing the case against Mr. Lipschitz, Mr. Ryan said the department "alleged that Lipschitz had been a member of the SS Death's Head Battalion at the Nazi death camps at Auschwitz and Birkenau." As a camp guard, Mr. Lipschitz had been among those "intimately caught up in the process of killing as many people as possible as quickly as possible," Mr. Ryan said.

The deportation order against Mr. Lipschitz, 63, a retired factory worker, was signed in Chicago on Thursday by Anthony Petrone, an immigration judge. The judge

There can be no doubt that 1983 must end with the deployment of new missiles in Western Europe if talks in Geneva between the United States and Soviet Union fail, he said.

Bonn has agreed to North Atlantic Treaty Organization plans to deploy 108 Pershing and 96 cruise missiles on West German soil beginning next year to counter Soviet SS-20 missiles aimed at Western Europe.

Mr. Kohl made no specific mention of an offer made by Yuri V. Andropov, who said in a speech Tuesday that Moscow was willing to reduce its missiles in Europe from 600 to 162 if NATO scrapped plans to deploy 572 nuclear missiles in Western Europe.

## New York Tourism Declines Slightly; Spending Steady

New York Times Service

NEW YORK — A surge of tourists and business visitors in the last three months has caused New York City to come close to matching last year's figures, according to city tourism officials.

There was a slight decline in the estimated number of visitors this year, but they spent as much as did visitors during 1981, the officials said.

The chairman of the New York Convention and Visitors Bureau, Preston Robert Tisch, said that this year's 16.9 million visitors spent \$2.1 billion. That produced nearly \$200 million in direct tax revenues during the year, he said.

The tourist boom that began in 1976 is continuing, and it's one of the city's major economic strengths, he said.

By November the surge of interest had subsided. The nerve-fraying silence from the kidnappers continued. In desperation, Mrs. Ellis contacted families of former political hostages, seeking possible courses of action.

The mother of a former Colombian hostage said a tape recording she had made had been instrumental in her son's release. Mrs. Ellis suggested that all of the mothers of the Zimbabwe hostages — two are from England and two from Australia — record messages to appeal directly to the captors.

"We asked the dissidents to release the hostages and to let them get on with their lives," she said. The tape has been playing on Zimbabwe radio stations since Nov. 11. The dissidents have not responded.

Attacks in Zimbabwe Kill 3 The police in Harare, Zimbabwe, said Sunday that three persons were killed and several wounded Friday night when dissidents opened fire on vehicles and a train in Matabeleland on the main road and nearby rail line between Bulawayo, Zimbabwe's second largest city, and Gweru, the third largest, Reuters reported.



Dr. Judith Xiomara Suazo Estrada with Honduras's ambassador to Guatemala, Ruben Vilamueva Doblado, after leftist kidnappers released Dr. Suazo Estrada in Guatemala City.

## Daughter of Honduran President Released

TEGUCIGALPA, Honduras

— The daughter of President Roberto Suazo Cordova has been reunited with her father after being freed unharmed by leftists who kidnapped her Dec. 14 in Guatemala City.

Guerrillas from a previously unknown group abducted Dr. Judith Xiomara Suazo Estrada near the hospital where she works as a radiologist. They said she would be released within 48 hours of publication in Central America of a leftist manifesto.

The statement was published Wednesday, and Dr. Suazo Estrada was freed Thursday night.

She flew to Tegucigalpa, the capital of Honduras, on Friday.

Publication of leftist documents is banned in Guatemala, but the government agreed to allow the publication of the manifesto at the request of the Suazo family. The statement accused the United States of using "puppet armies" to dominate Latin America. Dr. Suazo Estrada and her mother, Mr. Suazo Cordova's first wife, are Guatemalan citizens.

By Leslie Mairland

WASHINGTON — A German citizen who lives in Chicago has been ordered deported from the United States as a former Nazi who assisted in the murder of millions of people at the neighboring death camps of Auschwitz and Birkenau from 1941 to 1945.

Allan A. Ryan Jr., who heads the Justice Department's special office for the investigation and prosecution of Nazi war criminals, said Thursday that the man, Hans J. Lipschitz, could become the first Nazi war criminal to be deported from the United States since World War II.

A deportation order was also obtained last October against Valerian Trifa, the prime of the Romanian Orthodox Episcopate of North America who had been accused of being a Nazi sympathizer and helping to incite bloody anti-Semitic riots in Bucharest in the war. But Archbishop Trifa requested to be sent to Switzerland, which would not accept him, Mr. Ryan explained, and so far no other country has agreed to admit him.

In describing the case against Mr. Lipschitz, Mr. Ryan said the department "alleged that Lipschitz had been a member of the SS Death's Head Battalion at the Nazi death camps at Auschwitz and Birkenau." As a camp guard, Mr. Lipschitz had been among those "intimately caught up in the process of killing as many people as possible as quickly as possible," Mr. Ryan said.

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By Henry Kamm

ROME — The Vatican and the Italian government have announced the formation of a commission to study the relationship between the Vatican bank and the Banco Ambrosiano, which collapsed in August.

The failure of the Milan-based Banco Ambrosiano, Italy's largest private bank, brought into the open the links between the banks as well as the fact that the Vatican bank, the Institute for Works of Religion, had issued two letters of patronage for dubious Banco Ambrosiano lending operations in Latin America.

The letters, signed by the Vatican bank president, Archbishop Paul C. Marcinkus, have led to assertions by government officials that the Vatican shares responsibility for the Banco Ambrosiano debts, which may amount to \$1.4 billion.

After several months of silence, the Vatican made public its view of the case a month ago, when the issue was discussed at a meeting of the College of Cardinals. Addressing the prelates, the Vatican secretary of state, Cardinal Agostino Casaroli, said the church's bank had been victimized by Banco Ambrosiano.

The cardinal did not mention by name Roberto Calvi, the president of Banco Ambrosiano, who was found hanging from a London bridge in June.

Mr. Calvi, whose death was declared a suicide, conducted his bank's relationship with the Vatican bank. At his death, he was free on appeal of a four-year prison sentence for illegal currency dealings.

Closing the four-day meeting of cardinals on Nov. 26, Pope John Paul II pledged the Vatican's full cooperation with the Italian authorities. However, no Vatican official has acknowledged any liability on the part of the Roman Catholic Church for any of the unpaid loans. The Vatican contends it owes nothing since it received no money from Banco Ambrosiano.

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MOSCOW — Yevgeny Tyazhechnikov, 58, a protégé of the late President Leonid I. Brezhnev who was removed from his post as chief of the Communist Party's propaganda department earlier this month, has been named ambassador to Romania, Tass reported Sunday.

Soviet sources had said that Mr. Tyazhechnikov would be replaced by Boris I. Shukalin, 59.

## WORLD BRIEFS

### China Concedes Opposition Exists

PEKING (LAT) — The Communist Party newspaper, the People's Daily, acknowledged in a front-page commentary Sunday that Deng Xiaoping's political and economic policies of the past four years were still meeting serious resistance from leftists.

The newspaper attributed opposition to Mr. Deng to a failure by party and government officials to assess the effectiveness of the policies and their popularity. It said that "some comrades even now do not completely understand" why the policies of the party "have won the enthusiastic support of the people."

The commentary marked the 89th anniversary of Mao's birth. A new collection of Mao's writings was published Sunday, but the writings support Mr. Deng's pragmatism. Based on essays and reports on rural conditions first put out in 1941, the book emphasizes the need to base policies on actual conditions, not on theory and dogma. It is the first such book published in four years.

### Encounter With Wallenberg Reported

TEL AVIV (AP) — An Israeli newspaper quoted a recent immigrant from the Soviet Union as saying that in 1972 he met and spoke with Raoul Wallenberg, the Swedish diplomat who is credited with saving thousands of Hungarian Jews from the Nazis and whose fate has been a mystery since 1945.

The immigrant, Asher Hanukaiev, said he had spoken with Mr. Wallenberg during a four-day period in Sverdlovsk Prison in Soviet Eastern Europe, the newspaper Ha'aretz reported Sunday. Mr. Hanukaiev was quoted as telling a local newspaper, Sheva, in the southern town of Beersheba, that Mr. Wallenberg "lay on a stretcher, and he told me he had trouble in the stomach." The Soviet Union has insisted that Mr. Wallenberg is dead.

Mr. Hanukaiev said Mr. Wallenberg had told him that he had been arrested by the Soviet authorities because he had helped to save Jews from Nazi extermination camps. He said Mr. Hanukaiev was the first recent witness to have claimed actually to have spoken with Mr. Wallenberg over a protracted period. It was not clear why Mr. Hanukaiev was in prison.

### Reagan Urges Afghanistan Solution

WASHINGTON (Reuters) — President Ronald Reagan, marking the third anniversary of the Soviet intervention in Afghanistan, said Sunday that the occupation by Soviet troops was not a success, and he urged Moscow's new leaders to work for a peaceful solution.

"The United States does not intend to forget these brave people and their struggle," the president said in a statement. He continued: "We hope that the new leadership of the Soviet Union will take advantage of the opportunities the new year will no doubt offer to achieve a solution for Afghanistan." He also repeated U.S. allegations that Moscow was using chemical warfare in Afghanistan, but he did not elaborate.

"Afghanistan is important to the world because the Afghan people are resisting Soviet imperialism," he said. Even with forces numbering almost 105,000, the Soviet Union cannot control the countryside or secure many cities and has failed to rebuild the Afghan Army or create an effective government, Mr. Reagan said.

### Egyptian Extremists Plead Not Guilty

CAIRO (UPI) — Standing in iron cages, 278 Moslem extremists being tried on charges of conspiracy to overthrow the government pleaded not guilty during 11 hours of hearings conducted Saturday and Sunday by the State Security Court.

Forty-three defendants were questioned by the court Saturday and 235 were questioned Sunday. Two persons were absent because of illness and 20 are being tried in absentia.

They are accused of conspiring to overthrow the government, of establishing a paramilitary organization, or of murder or attempted murder. All the charges carry the death penalty.

### De Lorean's Bail Cut to \$5 Million

LOS ANGELES (LAT) — Bail for John Z. De Lorean, 57, the automaker who is charged with conspiring to import cocaine, has been reduced from \$10 million to \$5 million by U.S. District Judge Robert Takasugi. The judge said by way of explanation only that the court had considered the argument of counsel and all pleadings and other documents filed for the case.

In a filing made public Thursday, Judge Takasugi also ordered that all documents in the case be filed under seal to his chambers so he could decide whether to release them publicly. Judge Takasugi indicated in the order that he would balance the defendant's right to a fair trial with the First Amendment rights of the public to know about it when making his determination about disclosure.

Meanwhile, Consolidated International, an Ohio-based company that specializes in buying spare parts for discontinued cars and which offered early last month to acquire Mr. De Lorean's holdings in the United States and Northern Ireland in a deal said to be worth about \$84 million, said it would not exercise its option to purchase the plant and equipment of the De Lorean Motor Company in Belfast. Reuters reported from Miami.

## Papandreu Approves Return of Leftist Exiles

ATHENS — Andreas Papandreu, Greece's Socialist prime minister, has announced that thousands of Greek Communist refugees living in exile in Eastern Europe "can return whenever they want."

In a Christmas Day television broadcast, which he described as one of "national political reconciliation," Mr. Papandreu said of the refugees: "Their sufferings away from their motherland, their political imprisonment, must come to an end. We are opening our arms to welcome the refugees home."

The prime minister said no bureaucratic formalities would be required for the Communist refugees to have their Greek citizenship restored and permission granted for repatriation.

He said a "simple application" should be made and that the ministers of public order and the interior would push through procedures for the return of refugees without any specific legislation.

The refugees fled to Eastern Europe after the defeat of the Communists in the 1944-49 civil war. Of those remaining today, 75 percent are 40 or younger, meaning that they were born in Eastern Europe or are too young to have had direct involvement in the civil war.

Greek Communist refugee groups enthusiastically welcomed the announcement, which will affect as many as 30,000 refugees remaining in Eastern Europe. But they also voiced skepticism over the lack of parallel financial measures for the refugees.

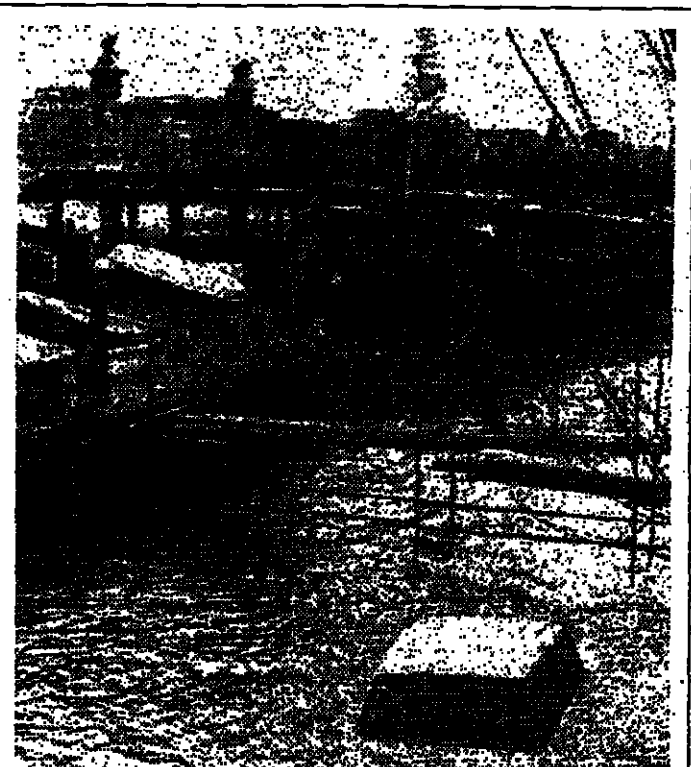
"I have been on the phone all day speaking to Greek community leaders in all Eastern European capitals, and they are asking if they should start packing their bags immediately or wait for the next step," said Mitsos Papadimitriou, the president of the Committee for the Repatriation of Greek Refugees.

"I tell them that our lifelong problem is at last on the final road to a solution but that they must also wait for the material assistance that must come with it," he said.

Mr. Papadimitriou said that time would be required to develop financial agreements with the Eastern bloc nations to cover the needs of the refugees.

Repatriation of refugees in Eastern Europe had begun in 1974 under Greek conservative governments but in a slow process of individual application and careful scrutiny by security police.

Official figures show that of the 60,000 Greeks in Eastern Europe then, 24,700 have returned. More than 5,000 others have permits to return but are not doing so because of the financial hardships involved. There are 29,940 left who stand to benefit from the new measure, the government said. The largest group is in the Soviet Union.



FLOODING IN FRANCE — A bargeman crosses a flooded quay of the River Seine in Paris. The swollen river has inundated hundreds of acres east of Paris and raised walkways are being built to evacuate residents. Rivers elsewhere in France were subsiding Sunday after a week of flooding that left three persons dead and caused at least \$60 million worth of damage, according to initial estimates.



## New Plans in Congress for a Job Bill Illustrate the Trend to Buck Reagan

By Martin Tolchin

New York Times Service

WASHINGTON

The House and Senate have agreed to reintroduce legislation to create public-works jobs when Congress reconvenes Jan. 3, and they say they expect President Ronald Reagan to support such an effort.

Howard H. Baker Jr. of Tennessee, the leader of the Senate's majority, said the House and Senate have agreed to reintroduce legislation to create public-works jobs when Congress reconvenes Jan. 3, and they say they expect President Ronald Reagan to support such an effort.

Both say that they expect the president, who has assisted such programs as counterproductive "make-work" legislation, to reverse himself and support the measure in an effort to reduce unemployment, now at 10.8 percent.

A White House spokesman said Friday night that there was "no truth" to the notion that Mr. Reagan would drop his opposition to such programs, but in an interview with the 97th Congress drew to a close, Senator Baker said, "I would anticipate that the president will support some form of jobs program."

Both the House and Senate approved separate public-works job bills in the postelection session of Congress, but they were withdrawn under threat of a presidential veto.

However, Mr. O'Neill and Mr. Baker persuaded Mr. Reagan to endorse a highway repair program, financed by a gasoline tax increase, that supporters say will create 320,000 jobs, and they expect to work together again on a public-works job program that will win the president's support.

The frenzied finale, in which lawmakers approved a stopgap spending bill and the highway program, contrasted with the languid start of the second session of the 97th Congress, in which the legislators spent four months sorting out budget priorities.

As in the past, Congress hunched from one spending crisis to the next, and its failure to adopt individual spending bills led the president to request a postelection session that only confirmed Congress' inability to meet spending deadlines.

The legislators, responding to a worsening economy and rising unemployment, did show increasing independence. They rewrote Mr.

Reagan's budget, increased taxes and rejected his plea for a constitutional amendment that would require a balanced budget.

But Mr. Reagan left his philosophical imprint on them, and he succeeded in continuing to reduce the size and scope of government, as reflected in the budget adopted by Congress.

The president also continued to set the congressional agenda, and, although Congress may have nibbled around the edges, it generally accepted his priorities. Congress rejected Mr. Reagan's proposed increase in military spending, for example, and denied him production funds for the MX missile, but it approved the largest peacetime increase in military spending in history.

Similarly, Congress followed the president's agenda set by the first session, although it did not go along with all the cuts in social programs proposed by Mr. Reagan and especially rebelled against a plan to reduce the Social Security deficit.

Republicans on Capitol Hill became increasingly sensitive to Democratic allegations that Mr. Reagan was riding the rich at the expense of the poor and sought both to lessen the impact of domestic cuts and to close tax "loopholes" for the rich.

Yet Mr. Reagan proposed, and Congress approved, the largest deficit in the nation's history as rising unemployment deprived the government of revenues and placed added demands on benefits and services. The Democrats said military spending and the tax cut sought by Mr. Reagan caused the large deficits, while Republicans held that they were the results of decades of Democratic profligacy.

Congress gave short shrift to the president's proposal of a "new federalism," which would give more power to the states but make them bear the cost of most programs, and it also spurned his plan to abolish the Energy and Education Departments.

Congress also rejected the president's agenda on social issues, including abortion, busing and officially sanctioned school prayer. These issues had been a major focus of Mr. Reagan's 1980 campaign, but he had placed them on the back burner until Congress acted on his economic program.

Conservatives had viewed Mr. Reagan's election and a Republican-controlled Senate as a singular opportunity for action on those issues, but they were thwarted by filibusters conducted by Senate liberals.

The president's threats to campaign against incumbent members of Congress, which helped him win approval of his budget and tax proposals in the first session, lost their potency in the year when the nation's economy faltered.

As the session drew to a close, leaders of the Republican-controlled Senate and the Democratic-controlled House entered into a spirit of cooperation, and Mr. Reagan became increasingly isolated from Capitol Hill.

Social Security reforms, which members of both parties acknowledged were needed to preserve the solvency of the system, were left unaddressed. Democrats exploited the issue in the congressional campaigns, and both they and the Republicans were apparently fearful of alienating voters by recommending either a reduction in benefits or an increase in taxes that most agreed were needed.

Also left uncompleted was legislation to revise the immigration laws, a revision of the regulatory process, a bankruptcy bill and legislation to ease the burden on the courts.

Mr. Nixon, of course, received the country's most famous and unorthodox pardon. Gerald R. Ford granted it before Mr. Nixon had even been charged with a crime, and he unconditionally forgave all federal offenses his predecessor "committed or may have committed or taken part in" while in office.

But that one was handled entirely in the White House, Mr. Stephenson said. "This office was not consulted."

Pardons are generally not granted that way. To be eligible, a person must have not only been charged and convicted but also have finished the sentence. Most applicants then must wait five to seven years, Mr. Stephenson said. They must prove that they have changed, and any black marks on their record — further arrests, nonpayment of taxes or poor credit ratings, for instance — weigh heavily against them.

According to Associate Attorney General Rudolph W. Giuliani, every request is subject to a detailed inquiry by the Federal Bureau of Investigation, which conducts as many as 50 interviews for each applicant.

The case is next studied by the pardon attorney, who makes a judgment that Mr. Giuliani reviews. His judgment in turn goes to Fred F. Fielding, the White House counsel who re-examines the files and makes his own decision. Every request is then presented to the president for his concurrence.

Mr. Fielding said, "We certainly look at them with a view toward a strong law-and-order requirement for the country, but if people have paid their debt to society and are leading lives that show they want to make a contribution to society, we certainly take that into account, too."

For some of the applicants, more than honor hinges on the decision. One man whose handwritten plea to the president is now being considered explained that he needed a pardon to become a bartender. His statement assisted Mr. Reagan, that he was no longer gambling, the crime for which he wanted forgiveness.

Besides qualifying for specific employment, applicants may seek the right to vote, sit on juries or hold public office. Many others simply seem to desire to see their names cleared and their achievements acknowledged.

Mr. Stephenson described the shifts in policy that have occurred under various administrations. Presidents Kennedy and Johnson were among the most forgiving, he said, and Mr. Johnson granted a record 364 pardons and 81 commutations of sentences in 1966.

He then received so much criticism that he stopped pardoning entirely, Mr. Stephenson said. When Richard M. Nixon took office, the backlog of applications was so great that none was granted in his first year in office.

The requests of Mr. Hunt and Mr. Magruder, however, have not been decided. Both men, who were convicted of crimes in the Watergate scandal, may suffer from what the department's chief pardon attorney, David C. Steinglass, says is a tendency toward Watergate for pardon rulings to be more strict.

"Going back to Watergate, there's been a progressive movement through one administration after another to be stricter about granting pardons," Mr. Stephenson said. "There's a much greater reluctance to grant pardons so readily. Standards are much stricter these days."

Too strict, some say. Terrence B. Adamson, who served as a top Justice Department official under Attorney General Griffin B. Bell in the Carter administration, observed that department lawyers were trained as prosecutors and might tend toward harshness in determining who merits mercy.

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## Saudi Sheikh Charged In Sale of Stolen Ring

By Alison Muscatine

Washington Post Service

WASHINGTON

A Saudi sheikh was arrested in Washington after he allegedly offered to sell a stolen \$1.2-million ring to an undercover FBI agent. He was later released on bond.

Allal al-Fassi, 21, who is related by marriage to the Saudi royal family, was arrested Friday and charged with international transportation of stolen goods, punishable by up to 10 years in prison or a \$10,000 fine.

Judge Frank E. Schwebel of the District of Columbia Superior Court released Sheikh Fassi on \$25,000 bond Saturday and ordered him to remain in the Washington area until a federal hearing Monday.

Sheikh Fassi is the brother of Mohammed al-Fassi, 28, who became the source of some embarrassment to the royal family for his widely publicized marital problems, lavish spending and an initial failure to pay a \$1-million bill at a hotel in Florida.

There were unconfirmed reports Saturday that Mohammed al-Fassi had returned to Saudi Arabia on orders from the Saudi government and that a directive had been issued to Allal al-Fassi to return home by Monday.

Allal al-Fassi's attorney, Richard Ben-Veniste, a former Watergate prosecutor, described his client as a "self-employed businessman and investor" who had been "invited" to the United States last week by an undercover FBI agent "to discuss some merchandise."

Sheikh Fassi gave a Florida address and said he had lived in the United States on and off for

two years. Court records described him as unemployed and said his sole source of income was his family.

"Apparently this was an undercover sting operation," said Mr. Ben-Veniste, who was asked by the royal family to defend Sheikh Fassi. "Surprisingly, this time they [the FBI agents] were not dressed like sheikhs," he said, in reference to the FBI's Albee case, in which congressmen took profits from agents who had posed as Arab sheikhs.

Sheikh Fassi's arrest was the culmination of an FBI operation that began in April when a jewel dealer discovered that an emerald-and-diamond ring was missing after a private showing of rare jewels for members of the Saudi royal family.

According to court records, Albano Bochatty, the director of the European branch of Harry Winston Inc. in New York, flew from Geneva to Florida in April to conduct a showing at the home of Prince Turki bin Abdul Aziz. He is married to Sheikh Fassi's sister. According to an FBI report, the jewels were passed around among interested buyers.

The next morning, court records say, Mr. Bochatty found that the gold ring, set with a 22.7-carat square emerald and 21 round diamonds and valued at about \$1.2 million, was missing.

On Friday, Michael R. Hartman, an FBI special agent, met Sheikh Fassi in Washington, according to court records. Sheikh Fassi told Mr. Hartman he had flown from Paris that morning by way of New York, and had

brought with him a ring that he was willing to sell for \$350,000 to \$370,000.

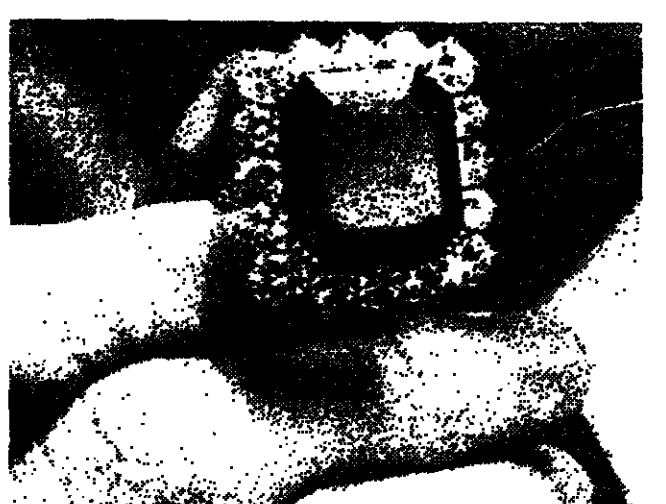
Mr. Hartman, in his affidavit, said the ring matched the stolen one "in every detail." He said

Sheikh Fassi told him he had no bill of sale or proof of ownership.

After his arrest, Sheikh Fassi maintained that he had bought the ring in London for \$500,000.



Sheikh Allal al-Fassi, left, leaving court in Washington after arraignment, with his attorney, Richard Ben-Veniste.



The emerald-and-diamond ring, valued at \$1.2 million, that Sheikh Fassi allegedly tried to sell to an undercover FBI agent.

## U.S. Paper Tells Reporters to Reveal Sources

By Robert Lindsey

New York Times Service

LOS ANGELES

Two reporters for a suburban newspaper here have been directed by their publisher to break a pledge of confidentiality and to identify publicly their sources for a 1981 article linking a former hostage in Iran to drug dealing.

Associates of the reporters said they planned not to comply with the unusual order, which drew expressions of concern from many professional journalists.

The directive by J. Scott Schmidt, publisher of the Daily News, which is distributed in the San Fernando Valley area of Los Angeles, followed a decision by Judge Sara Radin of Los Angeles County Superior Court. Judge Radin granted a default judgment to the former hostage, Jerry Plotkin, in a libel suit against the newspaper and the reporters. The reporters had refused to obey Judge Radin's Oct. 7 order to identify their sources for the article.

The default judgment means Mr. Plotkin has technically won the suit, subject to rehearing, though no damages were set.

Mr. Plotkin, a businessman, was one of 52 Americans who were released Jan. 20, 1981, after being held captive for 444 days by Iran. He was the only hostage in the group who was not an employee of the U.S. government.

On the day of the hostages' release, the Daily News carried a front-page article under the bylines of Adam Dawson and Arnie Friedman asserting that Mr. Plotkin had been the subject of a drug investigation by the Los Angeles Police Department before his captivity. The article suggested he might have been in Iran on a drug-buying mission when he became a hostage.

Mr. Plotkin, 48, denied the report and sued the newspaper for libel. He is seeking \$60 million in damages.

In more than a year of pretrial proceedings, the Daily News had supported the reporters' decision not to disclose the sources of the article. They said they had received the information only after giving assurances that the sources would not be identified.

On Wednesday, however, six days after Judge Radin granted the default judgment, the paper asked her to reconsider the decision at a hearing Jan. 10. Mr. Schmidt, the publisher, submitted a statement saying he had advised the reporters that "it is the publisher's policy to comply with the court's order," adding: "I ordered said reporters to so comply. To date, the said reporters have not complied with my order."

The Daily News, which has a circulation of 135,000, is published by the Tribune Co. of Chicago, which also publishes the Chicago Tribune, the New York Daily News and other publications.

Mr. Dawson and Mr. Friedman declined to be interviewed, but col-

leagues at the Daily News said the two reporters had told them that they had decided not to obey the order. A close associate of Mr. Dawson, however, said his decision was not final. "He's not sure he wants to be a martyr," the associate said.

According to reporters at the Daily News who are familiar with the matter, Mr. Dawson was summoned to a meeting with Mr. Schmidt and senior editors of the paper Dec. 19 and agreed, under

pressure, to tell them the source of the article. But he said he would do so only if they agreed to give the information to the court only with his consent, and the executives refused.



# Herald Tribune

Published With The New York Times and The Washington Post

## Andropov's Challenge

The interest of Yuri Andropov's speech last Tuesday, in his first public appearance since taking over from Leonid Brezhnev last month, goes well beyond the part of it on missiles in Europe that has drawn the most attention in the West. The speech indicates that Mr. Andropov landed in the Kremlin leadership running. New American presidents may take up to a year or more to work into foreign policy. Mr. Andropov, long a member of the Brezhnev team, jumped right in. Notwithstanding his early focus on shuffling personnel and bowing to the priority of domestic reform, he plainly intends to take a strong hand in foreign policy, too.

His speech answers some major early questions about the direction in which he intends to go. The latter-day Brezhnev had some times appeared to be bending even more than Soviet Politburo chiefs usually do to the demands of Kremlin arms-builders. Mr. Andropov starts by offering the West a broad program of arms control under the banner of going "back to détente." He would negotiate, he says, before undertaking new arms-building; if talks fail, then he will build.

Whether his specific arms control proposals are ultimately negotiable is a necessary and serious question. There can be no doubt, however, that his pitch is carefully designed to appeal to the large constituency in the

West, and especially in Europe, that questions Ronald Reagan's policy. Take, for instance, his warning to Europeans that new American missiles "would make peace still more fragile." (Soviet missiles, of course, make peace more secure.)

The Andropov-Euromissile position, offering to reduce the number of SS-20s to the number of French and British missiles, was immediately rebuffed by Washington, Paris and London. The Western capitals had reason to say no to a proposal that would freeze a Soviet advantage in Europe and force a separation of interest between the United States and its allies. But their rejections will not mean the end of the Andropov proposal.

The Soviets must understand, one American official said, that the key lies "in Geneva in serious negotiations and not in trying to influence public opinion." That is very confused and wishful thinking.

Obviously Moscow is going to keep on working Western opinion. The alliance is going to have to come up with a better answer to the question about British and French missiles. In a word, Mr. Andropov, whatever else he may turn out to be, already looks like a formidable adversary. A very difficult time is coming in Atlantic relations. Mr. Andropov is counting on it.

—THE WASHINGTON POST.

## From Bad to Worse

The American economic condition is stark. Inflation continues to subside, but what might have been good news has become part of the bad news. The tight credit that pounded down inflation also pounded the economy, and the decline has not been stopped. Recovery is still not visible; neither are national policies that would make it happen.

These are the unavoidable conclusions of two statistical indicators. The Consumer Price Index, which was skyrocketing two years ago at an annual rate of more than 13 percent, moved barely a hair in November. But the gross national product, after growing ever so tentatively since spring, is falling again, at an annual rate of 2.2 percent.

Neither figure is definitive. The index is best read over several months. The gross product is subject to revision when more data arrive. But both figures are definitive. November prices confirmed the pattern for the year: a marked slowdown to an annual inflation rate of about 4.5 percent. And the gross product report implied more bad news to come. The economy, four years stagnant, is still shrinking—many months after the president had expected the start of expansion.

Who imagined two winters ago, when double-digit inflation seemed a permanent curse, that the rate could drop so far so fast? Not the headstrong newcomers in the White House or even the sober veterans at the Federal Reserve. But neither did they foresee that

their policies would plunge first the country and then the world into a deep recession from which there is still no clear exit.

Obviously the American economy needs more stimulation quickly. The risk today is prolonged stagnation, or collapse, not inflation. The Federal Reserve has eased monetary restraints substantially over the last six months, and convincingly so in the last two. It still professes unwavering vigilance against inflation, but its expansionary acts speak louder than its words. That is certainly moving in the right direction.

The administration, however, isn't moving at all. Whatever new proposals the president is preparing for Congress in January will already be too late. Will they also be too little? He should at least follow his inclination to speed up the 10-percent income tax cut scheduled for July, while making meaningful commitments to smaller deficits in the future. It requires no degree in econometrics to see that 1983 will not start with a bang, and that White House predictions of 3- to 4-percent growth for the year will be wrong again. At the least, the indicators mean that recovery, if it occurs, will start from a deeper trough. And unemployment is sure to rise further. What the president proposes to do about it will take months in Congress, and more months to have effect. He continues to say wait till next year. That now means five days.

—THE NEW YORK TIMES.

## Other Opinion

### Fleet Street Reads Andropov

The probable lesson [of his speech last Tuesday] is that what makes Mr. Andropov interested in negotiation is the readiness of the West to get on with installing its cruise and Pershing missile defenses against its SS-20s. The nuclear disarmament which would stop these if they could be, in fact, only likely to delay a realistic and fruitful disarmament agreement by inducing in Mr. Andropov and his henchmen the hope that the West will disarm while Soviet missiles remain in place. —The Daily Mail.

Yuri Andropov's speech deserves the closest attention. No doubt it will be straining innocence to take all of it at face value. But the weary cynicism which is wont to greet initiatives from Moscow is equally out of place. Mr. Andropov is offering a novel nuclear package: that Soviet missiles in Europe shall not exceed those of Britain and France. NATO, without loss of face, can respond by shelving the cruise and Pershing program, for it is becoming even clearer that those weapons in turn would be matched by something greater and that the balance we have is as favorable as any we are going to get. —The Guardian.

The Andropov proposal may be useful propaganda aimed at the anti-nuclear movements in Western Europe, but it stands no chance of being accepted by the United States in Geneva. —The Financial Times.

Mr. Andropov's first appearance on stage as Russia's new prima donna may have pleased his immediate audience of well-trained stoking up anti-American nuclear weapons sentiment. He seemed to portray America as the warmonger and Russia as the peace-lover who would nevertheless match every increase in nuclear weapons ad infinitum.

Negotiations with Russia must continue and all Russian suggestions should be ex-

amined calmly across the table in Geneva when the talks resume next month. But Mr. Andropov's agitprop song is not much help. —The Daily Telegraph.

### 'After All, It Is Europe'

Although the speech was a masterpiece of misleading rhetoric, it contained elements that deserve careful exploration when the Euromissile negotiations resume in Geneva.

Mr. Andropov talked earnestly about the Soviet Union's problems. He accused the United States of seeking military superiority and of making strictly one-sided proposals in arms control negotiations. Then he went on to make a one-sided proposal of his own.

The Andropov proposal reads very much like a play aimed at giving new ammunition to the one-sidedness of the Andropov proposal, especially West Germany, without committing Moscow to meaningful concessions.

Still, it must be remembered that the Soviets initially refused to even talk about reducing their formidable force of 300-odd SS-20s. Then they accepted negotiations. Now they have offered to move a considerable way toward the American "zero option" proposal, albeit with unacceptable conditions.

While the American and other allied governments were right to point out the self-serving one-sidedness of the Andropov proposal, that should not be the end of the matter. In recent weeks European leaders have indicated their willingness to accept something short of total Soviet removal of the SS-20s. If that sort of flexibility is acceptable to our allies, it should be acceptable to us. After all, it is Western Europe, not the United States, that is directly threatened by the imposing Soviet force of nuclear missiles.

While Mr. Andropov's proposal is not acceptable in its present form, it is conceivable that, when the offer is explored further in Geneva, some of its more objectionable features can be satisfactorily dealt with. In any event, it is important to find out.

—The Los Angeles Times.



'Hey, look who's back. How was South America, man? You find any country would give us a loan?'

## Gloomy Figures, Plus Ideas for the New Year

By Flora Lewis

PARIS — No, Messrs. Presidents and Prime Ministers, there is no Santa Claus. Or, as Sylvia Ostry puts it, governments were saying early this year that there is no free lunch in the fight against inflation, but they did not realize how expensive lunch was going to be.

Perhaps it was not in keeping with the holiday spirit for Mrs. Ostry, who heads the economics department at the Organization for Economic Cooperation and Development, to forecast just before Christmas that unemployment would continue to rise and that growth would be sluggish into mid-1984 on the basis of current policies.

Mrs. Ostry does not believe in Santa Claus or in self-deception, but rather in a concerted effort to get world trade moving again. She is the brilliant, no-nonsense Canadian economist who heads the international analysis and prediction team of the industrial nations. They have just released their semi-annual report.

"We do not see economic growth picking up to capacity growth rates," she says. "Unemployment seems set to rise in most countries, and the growth that we foresee for the United States is unlikely to be able, indeed cannot be expected, to pull Europe out of its recession."

The report does not publish recommendations. They are kept private for governments. But they are implied in the gloomy statistics and in the report's statement that the painful effect of policies "has been greater than governments intended."

The OECD does not quarrel openly with Treasury Secretary Donald T. Regan's forecast of 3- to 4-percent U.S. growth next year. It just says that "this projection, while plausible... depicts an upturn of which there is so far scant evidence." In any case, that would not be enough to bring down the number of American jobless before mid-1984.

The clear conclusion of the rigorous international experts is that the way to get the industrial coun-

tries working again without generating a new surge of inflation is a heavy infusion of purchasing power into Third World countries. Those countries' trade, and thus the rich countries' earnings, is sagging badly under the combined burden of excessive debt and low commodity prices.

Even the OECD's more encouraging projections, the report says, are "subject to risks," particularly from a surge of protectionism and too little credit.

"It is the clear responsibility of governments to minimize these risks" — that is as far as Mrs. Ostry's team will go in pointing a public finger. But that is their way of telling President Ronald Reagan and other leaders that nature and the free market cannot do it alone.

Now for the better news. Secretary Regan's vague remarks about the inadequacy of existing institutions to cope with the world crisis, and about U.S. willingness to consider new ideas, have provoked European responses.

French Finance Minister Jacques Delors has made two proposals to Secretary of State George P. Shultz. One is a plan "for ambitious programs to solve certain irritating quarrels in trade, notably food," through the World Bank.

America and Europe are on the brink of a bread and butter war to spoil each other's markets by dumping. Mr. Delors's idea is a kind of Third World Marshall Plan to handle sale of surplus food stocks to a hungry world, which would avoid Euro-American rivalry, reduce huge storage costs and enable developing countries to use their scarce currency for industrial goods they need.

If that cannot be agreed, he suggested, then there should be an extra increase in International Monetary Fund resources (special drawing rights) to get trade moving again. Along with these pump-

priming proposals, there is to be substantial addition to world financial capacity for speedy rescue of countries threatened with default, and a new look at ways to keep the dollar, the yen and the European Monetary System's European currency units from piling up out of balance.

One idea is to spread the reserve role, with the dollar serving as exchange for perhaps 60 percent of world trade, instead of 80 percent as now. When the dollar was very strong its dominance hurt others. As it weakens it will hurt the United States.

"We have been firmers," Mr. Delors said of urgent moves to save Mexico, Hungary and Brazil from bankruptcy. "Now we must be architects."

Mr. Shultz has added a new awareness in the Reagan administration that not only are trade, money and debt problems linked, they necessarily affect political and defense prospects. And he knows that no country can go it alone. He told European officials, for example, that the crash program for Mexico included advice to sell more and buy less, and that is bad for the United States. If everybody tries that tack, it is disaster for all.

So it is good that the OECD did not mask the bad news, as several governments wished on the ground that depressing predictions make things worse by undermining confidence. It is good — provided it really spurs the men who manipulate major economies to new, constructive agreements.

Supply-side theories failed. Tight money squeezed too much productive muscle as well as inflationary fat out of the world. The United States is not a locomotive that can pull all others to recovery. It cannot move far or fast enough on its own steam, without cooperation.

No Santa Claus. But there is now at least a hope of a much-needed Christmas present in the form of a new package of international economic agreements in the coming year.

The New York Times.

## A Lady's Journey and a Bankers' Nightmare

By Anthony Sampson

LONDON — The collapse of the Argentine economy threatens to cause the collapse of one of the biggest banks in the world, which cannot meet its obligations and has to be rescued by an emergency committee of the other major banks.

The subsequent loss of confidence caused a drastic rise in lending to developing countries, which depresses their economies for the next decade, and some economists reckon that the international banking system will never be the same.

This is not just another gloomy scenario about the collapse of banks, such as have been offered recently by several prominent newspapers. It is what actually happened.

In 1980, when Baring's bank in London had to be rescued by Rothschild's and others after it had been rapidly lending to Argentina.

Yet Argentina, in spite of all its convulsions, coups and chaos in the 92 years since, has retained an irresistible fascination for bankers. It has been a classic case, like Zaire, of a country with rich resources which look marvelous on paper — superb land, money minerals, oil — but with people and leaders who have been able to squander them.

Today Argentina is once again on

an economic tightrope, watched anxiously by the world's bankers. Its debt is smaller than Mexico's or Brazil's, and since it is almost self-sufficient in oil it is little affected by the ups and downs of oil prices. But politically it is the most unstable of those three countries, and the one that seems closest to the bankers' ultimate nightmare — of a country which is taken over by a revolutionary army or a group of military leaders who insist on repudiating all its debts, whatever the costs in terms of ostracism from the world's financial markets.

It is this fragility of Argentina's financial system that puts the British banks into such an awkward position in the current predicament. For on the one hand they feel compelled to keep on lending to Argentina in order to avoid a major breakdown; but on the other hand the Conservative government under Margaret Thatcher is still at daggers drawn with the government in Buenos Aires and regards any new loans to Argentina as being potentially "money for excess."

This dilemma is part of a larger contradiction in Britain's relationship with Argentina, which for 150

years, through all its upheavals, has been a favorite customer for British banks for all kinds of loans. Not long before the invasion of the Falklands the British government had sold two warships to the Argentines, which were paid for by loans from British banks.

Now a controversy is raging through Whitehall about Mrs. Thatcher's proposed visit to the Falklands next February to celebrate the 150th anniversary of the colonization of the islands by Britain. She has made clear that she is set on the arduous trip — featuring a 12-hour flight in a Hercules transport from Ascension Island, since she does not wish to break her journey on Latin American soil — to show her identification with the Falkland Islanders for whose interests she so resolutely went to war.

Most of her advisers, including the diplomats, are very worried about the implications of the visit. It is not only that it will appear a provocative act to Argentines, but also that it will appear a provocative act to Latin Americans, to celebrate this colonial history. It also seems likely to destabilize the

Argentine economy still further, at a time when its weakness already presents a serious threat to British and American banks.

Mrs. Thatcher's supporters can point to the fact that the Falklands war had the beneficial effect of toppling the previous leader of the junta, General Leopoldo Galtieri. But her opponents argue that to perpetuate the confrontation can only worsen Argentina's economic crisis, which will benefit no one except the extreme radicals who would like to bring down the whole system.

In this argument the United States cannot avoid being deeply involved. At a time when President Ronald Reagan and Secretary of State George Shultz are trying hard to re-establish good relations with Latin America, with the help of generous loans, after the wave of anti-U.S. feeling that came with the Falklands crisis, the arrival of the combative British prime minister in that part of the hemisphere is the last thing they want.

Thus those disputed islands may produce a still further crisis — whether for the economy of Argentina or for Anglo-American relations.

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## Overheard at the Border the Other Evening

By James Reston

THE BORDER — Good evening. May I see your passport?

I've been coming here every Christmas for many, many years and nobody ever asked me for a passport before.

Things are different now. Terrorists and all that. We have to be careful. Your name and occupation?

Santa Claus, cheerleader.

Is that your real name?

I have gone under the name of St. Nicholas. Old Nick and some other names in other places.

Where have you come from?

Just now, Russia and Canada.

Mmm, very interesting. I should have known by the color of your uniform. Place of birth?

I think Greece but I'm not sure.

Nationality?

None.

According to U.S. regulations, I must put you down as an undocumented or illegal alien. Flying in here under the radar screen on reindeer is clearly a violation of civil and military regulations, and also may bring you under charges of cruelty to animals. May I see your pilot's license?

Well now, I've been flying these reindeer for hundreds of years and this is the first time I've ever been asked for a license. You don't seem to understand: I'm just a legendary character, sort of a floating happy dream.

Look Mister, you seem like a nice old geezer, and I don't want to give you a hard time, but there's no quota in this year's official Christmas immigration rules for a legendary charac-

ter or floating dreams or even ideas. Just what is the purpose of your visit?

I only wanted to drop down a few chimneys and leave some presents around for the children. All I need is a transit visa for a few hours. I'm really needed more in Mexico.

Do you realize that the rich have burglar alarms on their chimneys?

I was thinking mainly about the poor. I heard that you had 12 million people out of work here and that many of them had children. Is that right?

Look, Old Man, I'm asking the questions, OK? I now have your record on the computer and it says that for years you have shown liberal tendencies. You have not been evaded between the rich and the poor, but have favored the poor.

That's an understatement.

May I ask you a personal question?

Yes, but please hurry, I must get on before Christmas.

Why do you look so jolly when so many people are so gloomy?

That's why I'm jolly. The gloomier they are the jollier I get.

Isn't that a little odd?

No. If everybody was jolly I'd be unemployed. It's not that I love misery, but in my line of work the more misery there is the more I'm needed.

What about your budget this year? Isn't it a little slim?

Just about right. If it was fatter I couldn't satisfy the people who didn't

need or deserve more and if it was any slimmer I wouldn't even have any dreams left for the people who need me.

Let me just look at all these packages you have on this sled. I don't suppose you would have any toys made in other countries: in Japan for example, without American components, or German trains or British tin soldiers, or dolls for little girls from Prague or Warsaw or any of those other communist countries?

I don't suppose.

What presents did you distribute on your way here?

I dropped off a copy of "War and Peace" in Moscow and also the official statistics of the casualties of the last two world wars. In Europe I circulated copies of Jean Monnet's memoirs, and some poems on the preservation of freedom and the defense of Western civilization. In Canada I left the history of the war between the states in America.

Is it wise to go around the world scattering dreams, instead of concentrating on all the hard news about the gross national deficits and the need for more cruises and Pershings and B-1s and MX dense packs or dunce packs, or whatever they are?

I certainly do. These economic and military realities with their computers and their predictions of disaster are depressing the entire world.

So what do we do?

Me, I'm not asking for very much. I just want a transit visa for a few hours to go down a few chimneys.

The New York Times.

## New Voices and Tones

It was with particular joy that I read Flora Lewis's refreshing invitation (IHT, Dec. 15) to seek a new Ernest Bevin and a new Jean Monnet to lead the re-creation of international structures of trade and finance, after the exhaustion of Bretton Woods and a decade of recession and slump.

With her I feel the urgent need for what in retrospect a latter-day Dean Acheson might one day describe as being present at the re-creation.

But we should not be too parochial in our hunt for renewed institutions or new leaders. The re-creation that Treasury Secretary Donald Regan hints at must be broad enough not only to renew the basis of growth in the West but also to set a new framework for East-West economic links, North-South relationships and the key position of the OPEC countries.

If the new Bevin or Monnet are to be heard, our cars should be attuned to voices that may speak in different languages and in disconcerting tones.

J.R. BOOTH.

London.

## 'Manage the News'

In his article (IHT, Dec. 8) on the ethical problems of using unnamed news sources, Donald Shaw writes that the term "managed news" first came into vogue during the administration of Lyndon B. Johnson.

The earliest use of the management

## West Bank: A Silence Of Consent?

By Philip Geyelin

WASHINGTON — Senator John Glenn, the Ohio Democrat who is currently rated the front-runner for his party's presidential nomination, makes a case against Ronald Reagan's handling of Israel's Prime Minister Menachem Begin that bears directly on pressing business.

Just about everybody except the Begin government agrees that one key to pumping new life into the Camp David "peace process" is a freeze on expanded Israeli settlement of the West Bank. That has been the main sticking point in President Reagan's somewhat inconclusive efforts to involve Jordan's King Hussein more intimately in the next negotiations for a five-year transitional period of "full autonomy" for the West Bank and Gaza, with the ultimate status left open. King Hussein's point is that he cannot negotiate on the future of the West Bank while the future is being rapidly foreclosed by settlements.

Mr. Reagan can hardly disagree. His September "initiative" prescribed a "freeze" on further Israeli settlements. But Mr. Begin has responded with announcements of a whole new batch of settlements. So the finger points at Menachem Begin.

But Sen. Glenn's case against Mr. Reagan goes a long way to explain Mr. Begin's defiance.

It is the senator's conviction that what heads of government say to each other through emissaries or in public pronouncements is far less important than what they say to each other in private. And it is the senator's well-documented contention that Mr. Reagan has never even brought up the subject of settlements in his encounters with Mr. Begin.

The senator was aware, from a conversation he had with Mr. Begin last February in the presence of the American ambassador to Israel, that America had early warning of how slim the pretext would be for an Israeli invasion of Lebanon. He also was aware of how little the Reagan administration apparently cared.

He was worried much earlier about the seeming use of American-supplied weapons by Israel for other than defensive purposes (in contradiction of U.S. law) in the Israeli attack on Iraq's nuclear reactor in June 1981, and the Israeli bombing raid a month later on Beirut.

Sen. Glenn is a member of the Senate Foreign Relations Committee. It is customary for Mr. Begin to come before that body from time to time. He was a member of the delegation on the occasion of Mr. Begin's visit last year and again this year. Sen. Glenn thus asked Mr. Begin whether he and Mr. Reagan had talked about either the West Bank or the offensive-defensive use of U.S. equipment. He says he was dumbfounded to hear Mr. Begin say repeatedly that those matters never came up.

After Mr. Begin was in Washington in the fall of 1981 to lobby against the sale of AWACS aircraft to Saudi Arabia, Sen. Glenn had an opportunity to double-check on the first, crucial Reagan-Begin encounter. He was a member of a delegation of senators invited to the White House to be lobbied by President Reagan in support of the AWACS deal. He put it directly to Mr. Reagan: Had he and Mr. Begin discussed the West Bank settlements issue or the question arising from the use of American-supplied weapons?

Before Mr. Reagan could answer, Vice President George Bush, Richard Allen, who was then the president's national security adviser, and Defense Secretary Casper Weinberger broke in one after the other to say that these matters had been dealt with in separate, lower-level discussions. "This wasn't my question," Sen. Glenn says he replied. One again he asked whether the president and the prime minister had dealt with either the West Bank or the possible misuse, under U.S. law, of American weapons. Says Sen. Glenn: "There was silence in the room."

The consent that the Israelis have obviously read into a consistent record of silence on the part of Ronald Reagan for at least a year and a half has carried the day over anation of the West Bank by Israel very close to, if not beyond, the point of no return.

Mr. Begin's next visit to Washington is scheduled for early in 1983. The Washington Post.

## LETTERS TO THE EDITOR

### New Voices and Tones

It was with particular joy that I read Flora Lewis's refreshing invitation (IHT, Dec. 15) to seek a new Ernest Bevin and a new Jean Monnet to lead the re-creation of international structures of trade and finance, after the exhaustion of Bretton Woods and a decade of recession and slump.

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J.R. BOOTH.

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### 'Manage the News'

In his article (IHT, Dec. 8) on the ethical problems of using unnamed news sources, Donald Shaw writes that the term "managed news" first came into vogue during the administration of Lyndon B. Johnson.

The earliest use of the management

metaphor that I have found was by James Reston of The New York Times on Nov. 7, 1955, during the administration of Dwight D. Eisenhower, when he testified before the House Committee on Government Operations and declared the government's desire to "manage the news."

Joseph Kraft did much to popularize the idea in an Esquire magazine article in June 1959: "The Dangerous President of James Hagerty" (Mr. Eisenhower's press secretary).

The practice of news management is, of course, age-old, and I would appreciate hearing from any reader who knows of an earlier use of the phrase.

HOWARD M. ZIFF.

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### Class and Espionage

John Grumond wonders "What Makes Britain So R



## The 'Me Generation' Is Growing Up in China

### One-Child Policy and Doting Parents Have Created a Boom in Spoiled Brats

By Christopher S. Wren  
New York Times Service

BEIJING — China's drive to hold down its population by restricting couples to a single child has created an unintended side effect — the spoiled brat.

The problem was summed up by a Shanghai educator who recently told the English-language China Daily newspaper that "single children are being spoiled by their parents and grandparents are planning on the sun."

The Chinese used to have large, extended families in which uncles, aunts, cousins and other relatives all pitched in to teach a child how to behave. But the traditional structure is being altered by the limits the state imposes on family size.

"Before, you could say to your child, 'Look at your brother, look at your sister,' " lamented a father in Beijing. "Now there is no one else for comparison."

China is trying desperately to keep its population at 1.2 billion by the year 2000. The nationwide census conducted in July disclosed that the mainland already had 1,006,175,288 citizens.

Hao Jianxin, the highest-ranking woman in the Communist Party secretariat, said at a conference on family planning last week that China's annual population growth for the rest of the century must be held to 9.5 per 1,000 to achieve the target.

That is well below the 14.55 per 1,000 reported for 1981 or the 13.5 per 1,000 estimated for this year.

A new campaign is being mounted next month to promote the single-child family because a baby boom has been forecast for the

next 15 years as those born during the 1960s, before family planning was imposed, get married.

According to Miss Hao, who is also minister of the textile industry, an estimated 78 million young Chinese will be getting married in the next three years.

New penalties promulgated recently in the northern province of Shanxi could be a harbinger of an even stricter national family planning policy.

The Shanxi Daily newspaper reported that couples expecting a second child will now forfeit 20 percent of their salaries if the wife refuses to have an abortion. If the second child is born, the couple will lose 15 percent of their salaries until the second child is 7 years old.

The penalties are stiffer for a third child. Billboards in almost every Chinese city extol the virtues of the single-child family, often showing a healthy, well-dressed tot being caressed by beaming parents. Such propaganda has evidently affected the self-esteem of children.

A letter to the Worker's Daily newspaper complained that children without siblings went to the head of the line for inoculations at some hospitals. In kindergarten, such children sometimes were given more candy than their classmates and were allowed to go home while the others had to perform school chores.

The letter said that such practices "sow dissension among children and add to the sense of superiority of only children."

The effect is also felt in such big cities as Beijing and Shanghai, where only children already account for more than half the kindergarten enrollments. The China Daily said that

"because they have no brothers and sisters, some only children never learn to care for others. When in kindergarten, they quarrel with their friends and refuse to share their toys."

The problem is also apparent in higher grades. Yang Lijian, the principal of the Shiyuan primary school in Shanghai, said, "They get a little spoiled by their parents, so we have to teach them how to get along with other children."

Cao Wenwen, a physician at the Shanghai children's hospital, has reported more obesity because many mothers are giving their babies candy and too much food. Lu Lishen, a researcher at the Nanjing normal college, confirmed that some only children had developed poor eating habits and "always ask for chocolate or sugar in their porridge."

The China Daily cited a survey made in Beijing of 1,741 children between the ages of 3 and 5 that said that 29 percent of the only children had become fussy eaters.

But the survey also found that only children were "cleverer, more imaginative, more creative, more inquisitive and healthier," possibly because they received more attention.

And there is evidence that some parents do try to be conscientious about raising an only child correctly.

The China Daily said 32 books, totaling 4 million copies, had already been published on the subject of bringing up a single child. And a special program aired by Beijing Radio has resulted in a pamphlet on child-rearing that has been distributed in 100,000 copies.

Tang Hua, who helped conduct the Beijing survey, told the China Daily, "The point is to make parents stop doting on their little darlings."



Kim Dae Jung, the South Korean opposition leader, and his wife board a plane for Washington after arriving in Seattle.

## 47 Political Prisoners, Others Freed by Seoul

Compiled by Our Staff From Dispatches

WASHINGTON — The South Korean government has announced the release of 47 political detainees, including 47 political prisoners.

The U.S. State Department welcomed the move, saying it would "make a further contribution to political harmony in South Korea."

U.S. officials said they hoped that the amnesty given Friday, combined with the release last week of Kim Dae Jung, South Korea's leading opposition figure, signified the start of political liberalization in South Korea.

It was not clear Friday whether conditions had been placed on Mr. Kim's release or whether he would be allowed to return to South Korea. The Seoul authorities said when his release was announced that the suspension of his prison sentence could be revoked at any time, and one of his political followers said this meant "the likelihood of a permanent exile."

In a statement Thursday night, Mr. Kim, 57, said through an interpreter, "I want most to return to my homeland in the near future and dedicate my life to the Korean people" and to the reunification of North and South Korea.

U.S. officials said Mr. Kim told associates recently that he did not intend to return to political activity if he was released.

He was greeted at the airport by about 300 South Koreans who live in the Washington area. Mr. Kim said he was grateful to the American people for their support, and he thanked President Ronald Reagan and Senator Edward M. Kennedy, Democrat of Massachusetts, for working to gain his release from prison.

State Department officials said Thursday that the release of Mr. Kim had both pleased and surprised the Reagan administration. They said that many months of quiet yet intense pressure, beginning at the end of the Carter administration, had had a key part in persuading Mr. Chun to release Mr. Kim.

In an interview Friday with The Washington Post, Mr. Kim called on the United States to speak out on human rights rather than pursue the "quiet diplomacy" used in his case.

"Clearly when Ronald Reagan was elected there was a great concern over the human rights issue," he said. "Of course, I thank them for what happened to me personally, but as far as I know it is widely perceived by the Korean people that the human rights issue under the Reagan administration has been retreating. America should speak out openly for justice."

Though he indicated that he did not consider himself under any constraints while in the United States, he avoided discussing major world issues in the interview, saying he had been free only a day and had not had an opportunity to study developments since he was imprisoned in 1980.

Chatt Arrives in Pakistan  
ISLAMABAD, Pakistan — The secretary-general of the Islamic Conference Organization, Habib Chatti, arrived here Sunday to discuss Middle East problems and Afghanistan with President Mohammed Zia ul-Haq.

## U.S. Prepares to Seek Talks With Albania on Gold, Allies' Claims

By David Binder  
New York Times Service

WASHINGTON — For the third time in nine years the United States is preparing to make an overture toward establishing relations with the Communist government of Albania.

According to senior administration officials, the plan is to propose, together with Britain and France, negotiations on the return of more than \$36 million in gold to Albania in exchange for its agreement to settle claims with the three countries.

The gold was transferred by the Italian occupation forces to Rome in World War II, looted by German troops in 1943 and stashed in a salt mine in Germany, where it was eventually recovered by the Allies.

There had been desultory discussion among the United States, Britain and France in earlier decades about negotiating with Albania, but the idea acquired some urgency after the death of Leonid I. Brezhnev, the Soviet leader, last month.

It was noted in the State Department that the new Soviet leadership under Yuri V. Andropov addressed unusually warm greetings to Albania on Nov. 29, the 38th anniversary of the liberation of Albania from Fascist occupation, as well as an invitation to resume ties that were broken in 1961.

Administration officials familiar with affairs in the region said the situation in Albania itself, where there has recently been unrest in the leadership, was also a factor in preparing for negotiations. Another, they said, was the perception in Washington that Enver Hoxha, 74, who has led the Albanian Communist Party since 1944, was seriously ill and already considering the prospect of succession.

A year ago Prime Minister Mehmet Shehu was killed, or committed suicide, in what appears to have been a struggle against Mr. Hoxha over an opening to the West.

The struggle seemed to culminate last month in the purging of some of Mr. Shehu's closest associates from party and government posts. In a speech in November, Mr. Hoxha denounced the Shehu faction for consorting with Western powers and with Yugoslavia.

He and some of his principal aides attacked the idea of resuming relations with the United States and with the Soviet Union, describing them equally as "imperialist and reactionary."

Still, administration officials think that when Mr. Hoxha steps down, Albania might shift its policy.

cy. The view appears to be shared in Moscow and Belgrade.

Administration strategists are increasingly regarding the Balkan region as an arena of competition between the Soviet Union and the United States, specifically in Yugoslavia. Facing a severe economic crisis, the Belgrade government has turned more in recent months to the Soviet Union as a trading partner and to the United States and other Western countries for loans and credit support.

Specialists in Balkan affairs recall that because of a lack of solid information about the state of affairs in Albania, previous U.S. overtures were peculiarly ill-timed, and one now might be poorly timed, too.

In April 1973, a specialist recalled, Kenneth Rush, then deputy secretary of state, said in a speech that if Albania was to show interest in talks with the United States, it "will find us prepared to respond."

U.S. claims in Albania amount to about \$10 million for properties belonging to U.S. citizens that were nationalized by the Albanian government.

Britain has a sizable claim arising from a maritime incident on Oct. 22, 1946. On that day two British destroyers struck mines in the Corfu Channel, adjacent to Albania, and 44 sailors were killed. Britain blamed Albania, although the mines could have been placed in the channel by Yugoslavia, which then exercised a protectorate over Albania. Britain sought and won a substantial award — more than half the value of the gold — from the International Court of Justice in The Hague in 1954.

Italy lays claim to the gold on the ground that it was rightfully in possession of it when it was looted from the Bank of Rome by German troops.

The gold is retained by the Bank of England in the account of a British-French-American Commission for the Restitution of Monetary Gold, which provisionally awarded the gold to Albania in 1948.

Mr. Hoxha declared last year that all the gold would have to be returned to Tirana before any discussions on diplomatic relations could begin.

## 23 Die as Chinese Airliner Bursts Into Flames

BEIJING — Twenty-three persons were killed and 20 to 30 injured Friday when a Chinese aircraft caught fire on its final approach to the airport at Guangzhou, officials reported Saturday.

The Soviet-built Ilyushin-18 with 69 on board made an emergency landing with smoke pouring from its fuselage. On the runway, it burst into flames.

China's state-run airline, CAAC, said an investigation was under way to determine the cause of the fire, but the official Chinese news agency indicated it might have been caused by an electrical fault.

The agency said the captain cut off a "circuit" after learning that

fire had broken out and made an emergency landing, but it did not explain what sort of circuit was involved. On Saturday night, Chinese television showed film of flames leaping from a gaping hole in the rear cabin of the four-engine, turboprop plane and rescue workers carrying stretchers from the scene.

The news agency said 13 of the dead had been identified as Chinese, and two as foreigners. The non-Chinese were identified as Neil David Konheim, 31, an American travel agent, and Chen Li-Fang, a Canadian who is general manager of the China Cultural Promotion Co. of Canada.

Pathologists were still trying to

identify the other eight bodies. Most reports spoke of four to six foreigners on the domestic flight from the northwestern city of Lanzhou to Guangzhou.

The agency quoted CAAC's Beijing headquarters as saying 20 persons were hurt, most of them not seriously, but an airline official in Guangzhou said 30 had been injured. Among them were Mr. Konheim's wife, Jeanette, a Japanese man; and two Hong Kong residents.

An initial check showed the plane's cargo bay, engines and fuel tanks had survived the fire intact, the agency said, indicating the blaze was confined to the passenger cabin.

An official Guangzhou newspaper available in Beijing on Sunday quoted a passenger as saying thick black smoke began to fill the rear cabin shortly before touchdown. A stewardess appealed for calm saying: "Comrades, don't worry. Everyone move up to the front."

Minutes later, fire broke out. A CAAC official in Guangzhou, reached by telephone Saturday night, said sabotage could not be ruled out. But an airline spokesman in Beijing denied there had been an explosion on board.

In April all 112 passengers and crew members were killed when a British-built CAAC Trident crashed into a mountain on a flight from Guangzhou to Guilin.

## China Congratulates Soviet on Anniversary

MOSCOW — China, which did not send a delegation to last week's Kremlin observances marking the 60th anniversary of the Soviet Union, has sent a brief congratulatory message.

The Soviet government newspaper Izvestia published the text in its Saturday edition, which was filled with congratulatory statements from other governments.

China expressed "ardent congratulations" on the Soviet anniversary and then stated Beijing's hopes that barriers to improved ties would be overcome.

"China sincerely hopes for the gradual implementation of normalization and establishment of

good neighborly relations between our countries" to ensure world peace, the message said.

"Both countries must undertake the practical actions to remove the obstacles [to normalization] through consultations, exerting the joint efforts to carry out this aim," it said.

The message was signed by members of the State Council and the Standing Committee of the National People's Congress, which constitute the Beijing leadership, and appeared on Izvestia's back page alongside congratulations from the leaders of Greece and the African state of Cape Verde.

On Wednesday, China sent a delegation to the Soviet Embassy

in Beijing to observe the anniversary, but no Chinese officials were sent to Moscow.

On Sept. 30, the Soviet leadership sent a warm congratulatory message to Beijing marking the 33rd anniversary of the People's Republic of China.

Chinese-Soviet relations have been strained for two decades because of territorial and ideological disputes. The late Soviet leader, Leonid I. Brezhnev, made several overtures this spring to the Chinese, and low-level talks on normalizing relations have been held, with follow-up talks expected early in 1983.

China is demanding the Soviet Union withdraw some of its troops

from the Chinese-Soviet border, Mongolia and Afghanistan as a condition for normalizing ties.

Mr. Brezhnev's successor as Communist Party leader, Yuri V. Andropov, has stated he wants friendly ties with China. Foreign Minister Andrei A. Gromyko said in an article this month that the Kremlin is "ready to do and is doing everything" for better relations.

Vladimir Zagladin, deputy chief of the Communist Party's international department, said Saturday the resumption of normalization talks was one of the most positive developments for the Soviet Union this year.

## Louis Aragon Dies in Paris at 85; Acclaimed Poet, Novelist, Essayist

By Frank S. Priol  
New York Times Service

NEW YORK — Louis Aragon, 85, the French poet and Communist Party luminary, died Friday at his home in Paris.

Novelist, poet and essayist, Dadaist, Surrealist and Marxist, battle-hardened in two world wars and Resistance activist, intellectual and friend of Picasso and Matisse, Louis Aragon was among France's foremost men of letters in the 20th century. Over more than half a century, he wrote a score of novels, hundreds of poems and thousands of critical articles.

"France is grief-stricken by the death of one of its greatest writers," said President Francois Mitterrand. "The magic of his poetry and the force of his work put him in the first rank of our national literature. I bow before his memory."

Last year, Mr. Mitterrand named Mr. Aragon a member of the Legion of Honor.

Mr. Aragon was not only an homme de lettres, in the French phrase, but also an homme engagé, a man deeply committed to and involved in his times. He was a member of the Central Committee of the French Communist Party, and the party's leader, Georges Marchais, said: "I can't find words to express the immense pain that grips me. I have lost a close friend, our party one of its best members and France one of the greatest poets of the century."

There was a private Mr. Aragon, intense, reflective, creative and self-critical, but this persona was often obscured by the public figure, who took center stage in many of the key literary and political events of his time. Dandily dressed, handsome and articulate, he displayed — and capitalized on — a Gallic flair that compelled attention.

Mr. Aragon's ability to create an emotional impact was especially marked when he read his poetry, for he was unexcelled at conveying the lyricism and inner voices of his verse.

His rebellion against the conventions of French bourgeois society sprang from disillusiones that started with World War I. His commitment to communism was a development of earlier attitudes, and was contained, moreover, in a framework of virulent nationalism. It was in this spirit, he said, that he opposed Soviet intervention in Czechoslovakia in 1968 and was punished at the time by Moscow.

The punishment took the form of a ban on Lettres Francaises, an influential literary and artistic weekly that Mr. Aragon had edited since 1953. After he wrote an editorial warning against muzzling Czechoslovak intellectuals, circulation of the publication was barred in the Soviet Union and Czechoslovakia. It was a serious blow, and the magazine ceased publication in 1972.

The Soviet Union, however, held out an olive branch to Mr. Aragon,

awarding him the Order of the October Revolution on his 75th birthday in 1972. The citation hailed his role in "strengthening French-Soviet relations of friendship."

In 1957, in a period of unflinching support for Stalin, Mr. Aragon was awarded the Lenin Peace Prize. Formally, the award was in recognition of his poem "Ode to Stalin."

In 1980, Mr. Aragon supported the pro-Soviet position of the French Communist Party after the Soviet intervention in Afghanistan, and he participated last spring in what was essentially an anti-American peace march through the streets of Paris.

American readers were familiar with his novels through translations by, among others, Haskin Chevalier, Hannah Josephson and Genevieve Wilkins. These included the acclaimed "The Bells of Basel," "Residential Quarters," "The Century Was Young," "Aurelian" and "Holy Week." Less well received was "Henri Matisse: A Novel," more an act of homage than a work of fiction.

The son of a civil servant whose ancestors were from southern France, Louis Aragon was born in Paris on Oct. 3, 1897. He was reared in comfortable circumstances and went to medical school, but he was detoured from a degree by his passion for literature.

In World War I, Mr. Aragon won the Croix de Guerre for valor. After the war, he continued his medical education while helping to edit a periodical founded by Paul Valery, the poet. He was quickly swept up by Dadaism, a nihilist artistic and literary philosophy.

The brief flare of Dadaism shortly gave way to the intellectual challenge of Surrealism, and Mr. Aragon became a Surrealist. The movement, also anti-bourgeois, was strongly influenced by psychoanalysis and advocated reliance on the subconscious mind and creating from a state of psychic automatism.

Although Surrealism had a profound effect on art, its influence on literature was more limited. Its concept of "war" on bourgeois society, nonetheless, led a number of Surrealists to Marxism, among them Mr. Aragon. He later described his 15-year Surrealist period as "an error of youth."

A visit to the Soviet Union in 1930 was a turning point in his life. He was impressed by the work of Stalin and became one of the first French intellectuals to support the



Louis Aragon and his wife, Elsa Triolet, who died in 1970.

Communist Party. One of his poems of this period was "Le Front Rouge" ("The Red Front"), parts of which were translated into English by E.E. Cummings.

The writer was strongly influenced by the Soviet poet Vladimir Mayakovsky, whose declamatory style infuses much of "Le Front Rouge" and by the Russian-born Elsa Triolet, a writer and the sister-in-law of Mayakovsky.

She and Mr. Aragon met in 1928 and later married. Until her death in 1970, they were one of France's best-known literary couples.

In World War II, Mr. Aragon served in Belgium and at Dunkerque, for which he received a second Croix de Guerre. When France fell to the Germans, he joined the Resistance in the south, becoming its champion and propagandist.

Two of his postwar novels, "Holy Week" and "To Be Killed," were considered among his best.

The first covers the chaotic flight from Paris of Louis XVIII during the week of March 19, 1815, when Napoleon's return to power was all but accomplished. The counterpart of loyalty and treason, reviewers said, gave the novel richness and pageantry. "To Be Killed," published in 1965, was a poetic novel of love and jealousy.

Jamal Dar  
ISLAMABAD, Pakistan (AP) — Jamal Dar, 74, Pakistan's minister for Kashmir and the Northern Areas, died here Saturday after having a heart attack while giving a speech, doctors said.

Mr. Dar, a retired major general in the Pakistani Army, was appointed minister for Kashmir and the Northern Areas in March 1981. He had held the same post from 1973 to 1976. He was elected to the National Assembly in De-

cember 1970 and held the seat for seven years.

Other deaths:  
Mufti Zaiduddin ibn Ishan Babakhan, 74, a Moslem theologian and longtime head of the Moslem Board of Central Asia and Kazakhstan, Wednesday in Moscow. He had been an organizer and participant in many religious and peace conferences.

Jack Pearl, 88, radio and stage comedian, Saturday in New York. He was known in the 1930s for his lampooning of the widely read adventure tales of Baron Munchausen.

Chatti Arrives in Pakistan  
ISLAMABAD, Pakistan — The secretary-general of the Islamic Conference Organization, Habib Chatti, arrived here Sunday to discuss Middle East problems and Afghanistan with President Mohammed Zia ul-Haq.

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## New Empain Company Hit by Bomb in Paris

PARIS — A bomb exploded early Sunday at the headquarters of the Air-Matériel company, formed in June by the industrialist Edouard-Jean Empain, French television reported.

No one claimed responsibility for the pre-dawn blast, which destroyed the ground floor of the 11-story building on the Left Bank of the River Seine. The police said there were no injuries.

Baron Empain, 45, was contacted by the police at Megève, a ski resort in the French Alps, and said he had not received any recent threat, the radio reported. Baron Empain was held by kidnappers for 63 days in 1978.

The company sells spare parts and arms for airplanes, French radio said.

Giving evidence Dec. 13 at the trial of eight persons accused of the kidnapping, Baron Empain said he was still receiving threats from members of the gang who were at large, because he had promised before his release to pay the kidnappers 40 million francs, then worth about \$8.5 million.

The trial ended Dec. 17 with four of the defendants sentenced to prison terms ranging from 13 to 20 years.

Baron Empain was head of the Franco-Belgian Empain-Schneider conglomerate and one of the most powerful business men in France when he was abducted outside his Paris apartment in January 1978.

He temporarily relinquished control of Empain-Schneider after his release. Last year the conglomerate, which has interests in nuclear power, steel, engineering and

finance, was taken over by a French bank.

Air-Matériel employs about 15 people, the radio said. French press reports have linked the baron's frequent trips to South America with arms sales conducted by the company.

## Monarch Praises British Forces in Falklands Fighting

WINDSOR, England — Queen Elizabeth II, in a Christmas message, has paid tribute to the British forces that recaptured the Falkland Islands from Argentina.

In a recorded broadcast from Windsor Castle near London, the queen also thanked Commonwealth countries for their "immensely reassuring support" during the Falklands crisis.

In a speech centered on Britain's seafaring history, the queen said: "Earlier this year, in the South Atlantic, the Royal Navy and the merchant navy enabled our sailors, soldiers and airmen to go to the rescue of the Falkland Islanders 8,000 miles [12,800 kilometers] across the ocean and to reveal the professional skills and courage that could be called on in defense of basic freedoms."

That section of the monarch's address was termed jingoistic by the Communist Party newspaper, Morning Star, which complained that the queen made no reference to the war dead.

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	Sales in				1991
	100s	High	Low	Last	Change
1.00	657	28%	2672	2836	+ 16
1.00	1935	24%	696	8	+ 16
1.80	53	26	23	2396	+ 16
20	12	614	614	614	
1.80	1537	17%	7174	1146	+ 16
1.60	590	56	5612	3326	+ 16

Sales in					Net	Sales in		
100s	High	Low	Lost	Chips		100s	High	Low
\$27	174	163	17		518	174	163	17

**(Continued on Page 9)**

**PUT  
YOUR  
MONEY  
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THE  
NEWS  
IS.**

هكذا من الأهل



# INVESTOR NOTEBOOK

By FRED R. BLEAKLEY

## Professionals on Wall Street Believe Bull Run Will Persist

This is first in a series of three articles about the outlook for stocks in 1983. The remaining articles will look at the London and Tokyo stock markets.

NEW YORK — To most Americans, the stock market's record rally in late summer and early fall in the face of dour economic news stretched the bounds of reason, seeming like a chapter out of "Extraordinary Popular Delusions and the Madness of Crowds," a book published in 1841 that chronicled such investment frenzies as the South Sea Bubble and Tulipomania.

Not only was the economy reeling from one of the worst recessions ever, but the recovery that finally was in the offing looked to be more tepid than robust.

To the professional money men who stoked the fastest one-day price advances in the busiest trading days ever, however, the bull market is based on reality and will endure. They see no reason why it should not at least match the average 65 percent gain and 30-month duration of previous major market booms.

At the same time, these institutional investors and the Wall Streeters who advise them say they fully expect there could be more than a few successive trading sessions with declining prices that might seem at first to prove the folly of it all. But such profit-taking and cooling-off periods are inevitable and only temporary, they say.

What is coming into play, it is argued, are major changes in the investment landscape that make the buying and holding of common stocks more attractive. For one thing, there is the likelihood of an economic upturn, albeit a slow one. And whenever that has occurred in the post-Depression era, according to William Freund, chief economist at the New York Stock Exchange, the market has sensed it at least three months in advance.

Stocks respond favorably to the likelihood of an upturn because "what really matters," Mr. Freund said, "are future earnings — you can't get your hands on book value," a company's liquidation value. He defined the price of a stock as the "present value of its anticipated future earnings."

Stocks, of course, are a way for the public to share in the growth of corporate earnings. They may do so through increased dividends and through price appreciation of shares as the market places an increasingly higher value on the company's strength and potential. Unlike bonds, which have a stated value at maturity and can only gain in price when interest rates decline, there is unlimited upside potential in stocks, provided earnings continue to grow and the market has not run ahead of itself.

Lately, the twin blessings of lower interest rates and lower inflation have contributed even more to the bullish fervor than immediate economic prospects. When Treasury bills were at 13 1/2 percent and 90-day certificates of deposit were above 15 percent in February, investments in these instruments were too tempting to pass up. But as those rates plummeted by year-end to 6 1/2 percent in equities, 30 percent in bonds and 5 percent in cash, before that change, the recommended weighting was 55 percent equities, 40 percent bonds and 5 percent cash.

For the longer haul, stocks are benefiting from the decline in inflation and the expectation that it will stay lower. When inflation was in double digits, the 9-percent historic rate of return from stocks was uncompetitive. This led investment advisers to wealthy individuals to recommend a strategic shift from the so-called paper, or intangible, assets, such as stocks and bonds, to tangible, real assets, such as real estate and collectibles, whose value would at least keep pace with inflation.

Now, the bloom is off the tangible asset rose because of declining inflation. Thus, investment advisers are recommending a shift in financial

With the easing of interest rates, there are going to be a lot of buyout offers.

## Japanese Trade Plan Is Rescued

Compiled by Our Staff From Dispatches  
TOKYO — A Christmas package designed to appease Japan's trading partners almost came unraveled during the weekend before the government reached a compromise with the farm lobby.

After announcing last week a plan to reduce tariffs on more than 70 products, the government on Friday removed from the list three key items — tobacco, chocolate and biscuits — under pressure from farm advocates in the ruling Liberal Democratic Party. The three items were reinstated Saturday only after the government promised help for Japanese companies hurt by increased competition from imported goods.

The government promised increased aid for 100,000 tobacco growers and a sharp reduction in the tax on sugar used for chocolate and biscuits.

The tariff on tobacco is to be lowered to 20 percent from 35 percent, and that on chocolates to 20 percent from 31.9 percent. The government said Saturday. Biscuit tariffs are to be reduced to between 40 and 24 percent from between 31.9 and 36.3 percent.

In addition, tariffs are to be reduced on an average of 10 percentage points on 47 agricultural products including dried grapes, papaya, vegetable juices, chewing gums, canned fruits and jam, said Osamu Narai, assistant director of the Economic Planning Agency's coordination division.

Import quotas for citrus juices, not including orange juice, will be expanded from 4,300 tons a year to 5,000 tons, those for tomato ketchup sauce from 1,597 tons to 2,000 tons, tomato juice from 481 kiloliters to 3,000 kiloliters, peanuts from 49,800 tons to 50,000 tons, fruit puree pastes from 1,360 tons to 3,000 tons, and beans other than soybeans to more than 110,000 tons.

The measures, virtually assured of approval by the LDP-controlled Diet, are to go into effect next April 1.

In addition to tariff cuts and quota expansion, Mr. Narai said the government will study ways to improve distribution of imported tobacco and other means of promoting imports and industrial cooperation.

Two packages of trade concessions announced earlier this year failed to satisfy the United States and Western Europe, and the Japanese government has been trying to push through new tariff cuts before Prime Minister Yasuhiro Nakasone visits the United States in mid-January. The pressure for trade moves is a result of Japan's swelling trade surpluses. The United States, for example, is expected to record a record trade deficit of \$19 billion with Japan for 1982.



Assembling telecommunications gear at an L.M. Ericsson plant in Athlone, County Westmeath.

## Irish Jobs Strategy Is Questioned As Foreign Firms Slow Investment

By Kevin McKenna

DUBLIN — Four years ago Polaroid, amid fanfare, launched an Irish plant in Newbridge, County Kildare. By this year it was expected to provide 1,500 jobs. But employment never got beyond 160, and last month the plant was closed.

It was not an isolated incident. After two decades of growth that changed the face of Ireland, the country has been hit hard by the world recession. The infusion of foreign investment that fueled Ireland's boom has slowed considerably, and aspects of the country's development strategy are being called into question.

As a result of Ireland's development efforts, foreign electronics and pharmaceutical companies are present in substantial numbers, among them Digital Equipment, Amdahl, Apple Computer and Abbott Laboratories. Between 1975 and 1981, American companies accounted for 62 percent of all foreign investment. Most have been attracted by the tax incentives and grants that Ireland has offered and by the access that it affords to the European market.

About half the jobs created through the Industrial Development Authority, which oversees Ireland's incentive program, are from foreign investment, and foreign enterprises now employ about one-third of the country's manufacturing work force. In electronics

alone, there are 15,000 Irish jobs in a field where 10 years ago there were virtually none.

But in the current world economic climate, that kind of growth has been impossible to sustain. Irish gross national product will show a 1.5-percent decline in real terms this year, according to the Economic and Social Research Institute in Dublin, and its forecast for next year is growth of only 1 percent. With Ireland's labor force growing nearly twice as fast as the European Community average, the stagnation is almost certain to add to unemployment, already put at 13.5 percent by the EC.

The development authority estimates that new overseas grant-aided investment this year has fallen by one-quarter from 1981's level, to 240 million Irish pounds (\$330 million).

Peter Bacon of the Economic and Social Research Institute said: "It's a worldwide problem, so a major beneficiary of that investment can't expect gains."

Robert P. Chalker, executive director of the U.S. Chamber of Commerce in Ireland, agreed. "Anything that makes it difficult for foreign investment is going to hit Ireland harder," he said. "It's a time of caution of slimming down. Nobody's ready for jumping off balconies, but they realize times are hard."

The results of the squeeze are apparent. Centronics, which once employed 320 in its Drogheda factory

(Continued on Page 8, Col. 6)

## Low U.S. Auto Output Likely to Aid '83 Profits

By John Holusha

DETROIT — When the assembly lines of the five U.S. automakers halted on Thursday for the customary year-end break, they had produced the fewest cars for any year since 1958.

But industry analysts said the extent of the cutback, to an estimated 5,055,551 cars this year from 6,280,000 in 1981, will help ensure that 1983 will be a better year for the automakers. That is because low inventories increase the chance of order rises next year, and higher orders have a quick impact on earnings.

Although analysts estimate that

this year will fall to 5.7 million units from the U.S. producers from 6.2 million in 1981, the production drop was much steeper. Manufacturers held to lean production schedules and resisted the temptation to increase output sharply whenever sales showed a slight upturn, as they have in the past eight weeks.

The result of this production restraint is that dealers will end the year with the lowest inventory level in many years. At the end of November, the domestic new-car inventory stood at 1.1 million units, the lowest in 12 years. Based on current selling rates, that means that dealers had a 52-day supply of cars, well below the 70-day supply of recent years.

GM dealers had the lowest stocks with a 47-day supply of cars, compared to a 57-day supply for Ford and 69 days for Chrysler, according to Ward's Automotive Reports, an industry publication.

Industry sources estimate that stocks at year-end will be somewhat higher, at 1.2 million cars. The year began with stocks of 1.47 million cars on hand, so dealers will have reduced their inventories by 270,000 cars during the year, despite the low level of sales.

Many dealers, hit by the cost of financing inventories, have refused to stock as many cars.

This year's production restraint will tighten next year's earnings reports, industry analysts said. Harvey Heimbach, an analyst with Merrill Lynch, said in a recent report on the automotive industry: "Reflecting an absence of this year's inventory drop, domestic auto production should rise substantially from the depressed 1982 level. At that point, the effect of the industry's cost-cutting efforts should become fully apparent in its income statements."

He said GM to earn about \$2.15 billion in 1983, Ford about \$500 million and Chrysler about \$140 million. Production is dependent on retail sales, but with a delay. Manufacturers record a car as sold when it leaves the assembly plant on the way to a dealer, so an influx of dealer orders means a quick rise in earnings, even if the cars are not bought by customers until weeks or months later.

At this point, according to Ward's, the manufacturers' production schedules call for 1,445,000 cars to be assembled domestically in the first quarter, up 21 percent from the fourth quarter of 1982.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

## Mexico's Alfa Plans Sale of Most Units To Pay Off Debts

By Alan Riding

MEXICO CITY — The Alfa Industrial Group, Mexico's largest conglomerate, has proposed divesting itself of all but a handful of its more than 50 subsidiaries as the only way of resuming payments on its \$2.3 billion of foreign debt.

The proposal was drawn up by Alfa's financial advisers, Lehman Brothers Kuhn Loeb of New York, and presented to the corporation's 134 private foreign creditors at a meeting in Houston on Dec. 15, banking officials report.

Initial reactions are expected when Alfa's management meets again with foreign bankers in Houston on Jan. 20. "But don't expect any quick solution," one banker warned. "This could take six months or more to sort out."

Much would appear to depend on Alfa's ability to find buyers for many of its subsidiaries, and on the government's willingness to relax foreign investment rules to permit multinational corporations to acquire more than the 49 percent of the shares in these companies now permitted.

No less important, however, is creditor response to the complicated arrangements. "The complexity of the solution reflects the complexity of the problem," said one American banker, who asked not to be identified. "It's no secret that Alfa's internal finances were a mess."

The Monterrey-based conglomerate, which enjoyed a long period of expansion, diversification and profits before its financial crisis developed in mid-1981, has been unable to repay principal on its debt since last April. In August, interest payments by most of its subsidiaries were also suspended, pending announcement of a restructuring of the conglomerate.

The International Monetary Fund, as expected, has given final approval for a \$3.9-billion loan to Mexico and said \$2 billion of new credit would be arranged from 10 industrial nations. The New York Times reported from Washington.

The loan by the 146-nation fund is the centerpiece of a financial rescue operation intended to provide Mexico with enough cash to make foreign payments, including those on its \$85-billion foreign debt, one of the highest in the world.

The credit agreement requires Mexico to impose sharp cutbacks in public spending and reductions in a variety of government services to make more funds available for foreign debt repayment.

The IMF said that \$7 billion of new financing, aside from the IMF loan, would be required by Mexico to insure that its adjustment program was adequately financed. Of this \$5 billion, it is expected to come from commercial banks and \$2 billion from about 10 countries in the form of trade credits.

American officials said the trade credits would be tied directly to purchases by Mexico of food and industrial goods from the creditor countries, which include most of the leading industrial nations and Spain.

An American official said the "burden sharing" had not yet been worked out among the participating countries, but the IMF said it had received "authoritative assurances" that the \$2 billion would be available. In past loans made by the Group of 10 industrial nations, the United States generally has taken about a 20 percent share.

### CURRENCY RATES

Interbank exchange rates for Dec. 23, excluding bank service charges.											
	\$	£	D.M.	F.F.	ItL	SwF.	S.F.	N.Y.	Y.P.	Y.S.	N.Y.
Australian	2.257	1.493	11.054	36.25	1.937	2.44	22.28	2.42			
Belgian (fr)	46.99	75.725	19.36	4.91	3.922	17.04	90.22	51.15	119.26	78.26	
British (sterling)	2.401	1.000	1.493	36.25	1.937	2.44	22.28	2.42			
Canadian	1.295	0.766	16.672	28.95	4.262	78.08	2.775	12.518			
French (fr)	1.366	2.207	57.30	30.70	—	31.80	29.54	66.30	162.6		
German (DM)	1.937	1.493	1.000	1.000	0.872	0.572	0.872	0.496	0.1182		
Italian (Lira)	1.937	1.493	28.41	—	0.714	25.88	14.075	337.6	66.8		
Japanese (Yen)	2.401	2.331	8.01	29.56	0.1456	78.08	4.968	—	22.82		
Swedish (Krona)	0.899	0.999	2.307	6.524	1.209	2.504	46.723	1.941	0.177		
Swiss (Franc)	1.0445	0.8115	2.454	7.473	1.5192	27.95	51.673	2.217	0.9282		

Dollar Values											
	\$	£	D.M.	F.F.	ItL	SwF.	S.F.	N.Y.	Y.P.	Y.S.	N.Y.
Australian	0.443	0.670	0.084	0.027	0.051	0.040	0.040	0.040	0.040	0.040	0.040
Belgian (fr)	0.021	0.033	0.006	0.001	0.002	0.002	0.002	0.002	0.002	0.002	0.002
British (sterling)	0.417	1.000	0.676	0.027	0.051	0.040	0.040	0.040	0.040	0.040	0.040
Canadian	0.417	0.766	0.006	0.001	0.002	0.002	0.002	0.002	0.002	0.002	0.002
French (fr)	0.725	1.493	0.013	0.003	0.004	0.004	0.004	0.004	0.004	0.004	0.004
German (DM)	0.518	1.493	0.006	0.001	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Italian (Lira)	0.005	1.493	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Japanese (Yen)	0.004	1.493	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Swedish (Krona)	0.001	1.493	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Swiss (Franc)	0.001	1.493	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

## Christmas Spirit Belies Anxiety Over Future of Welsh Steel Mill

By Barnaby J. Feder

NEWPORT, Wales — First came the rumors. Then, last Monday, the British government confirmed that it would preserve Ravenscraig, British Steel's only integrated steel mill in Scotland.

The decision was contrary to the recommendation of Ian MacGregor, British Steel's hard-boiled chairman, and a challenge to Christmas spirit here in the south Wales city of 135,000 that is the home of the huge Llanwnnog works.

People here do not want to see Scottish steelworkers lose their jobs, but fear is widespread that the successful defense of Ravenscraig means more job cuts in Llanwnnog next year and may in the long run undermine Llanwnnog's own struggle to survive.

That struggle has produced dramatic productivity gains at the price of cutting the work force from a 1973 peak of 9,800 to 4,137,

including a recently announced reduction of 350.

Alan Britton, 23, an employee in Llanwnnog's central engineering shop, said, "We're worried," as he sat in front of the Christmas tree in the card-decked, present-laden living room of his fiancée's parents. "Sharon and I are getting married in March, we just bought a house, and I can't be sure that I won't be made redundant."

It is not just the well-publicized woes of British Steel, which is losing \$12.8 million to \$14.4 million a week. In pubs and in breaks from last-minute shopping, the Welsh quickly acknowledge that other Western steelmakers are also being driven to the wall by worldwide economic recession and growing competition from abroad.

The Rev. Ray Taylor, an industrial chaplain who has been a familiar sight around the plant since it was built in the early 1960s, said, "Llanwnnog has been cowed."

From all appearances, Newport and the towns in the county of Gwent for which it is the hub have taken advantage of Christmas to put aside such thoughts. Llanwnnog and smaller steel works in the area have shut down for the holidays in what Mr. Taylor called "the bit-sweet bonus" that poor business pays to family life. Stores have been crowded with shoppers.

For severance payments, many Llanwnnog workers receive 90 percent of a year's salary, and 80 percent for the next six months, and workers over 55 years old immediately receive pension money that would otherwise have been theirs at the age of 65.

Many Newport merchants experienced a boom in business when 4,300 workers were laid off in 1980. Union leaders were able to find most of the redundancy slice with workers willing to leave. For some, it was the once-in-a-lifetime opportunity to go into business for themselves.

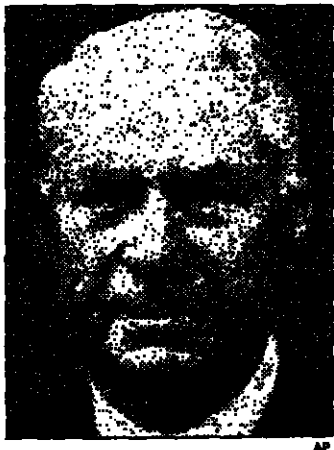
But there are signs the severance payment cushion is not quite as protective as generally healthy retail sales this month might indicate.

Mr. Britton said: "You won't see it much at Christmas — that's the very last thing the Welsh are going to pull back on — but it has had an impact. Not many people go on holidays now and you never find anybody in the clubs during the week."

Hope had risen last spring that the worst was over as British Steel cut its weekly losses to £500,000 (\$797,750), regained domestic share and operated at more than 90 percent of its basic steel capacity of 1.44 million short tons (13 million metric tons). But the bottom fell out of domestic and export markets this summer and imports rose, sending Mr. MacGregor to the government with the advice to close another major facility.

The possibility that it might be Llanwnnog appeared remote at first. Ravenscraig, near Glasgow, seemed the logical candidate because it was less efficient than either Llanwnnog or Port Talbot, another integrated Welsh plant that also makes strip steel.

But the three-month campaign by Scottish politicians, businessmen and clergy arguing that Ravenscraig was crucial to Scotland's industrial future convinced the Conservative government that abandoning the plant was out of



Ian MacGregor

the question politically. Indeed, facing up to the likelihood of an election next autumn, Patrick Jenkin, the industry secretary, announced that none of British Steel's integrated plants would be closed.

He pledged more government financial support and extended British Steel's deadline to break even financially until March 1985.

However, no one is assuming that the implicit promise to maintain all five plants for three years will be honored much past the election. Llanwnnog union leaders, who joined in the campaign to keep Ravenscraig, are now lobbying more intensively than ever for a \$100-million capital investment in a continuous caster, which would eliminate the need to make steel ingots before casting slabs.

Energy now accounts for about 30 percent of Llanwnnog's costs, almost double the labor component, according to the unions. Port Talbot and Ravenscraig have continuous casters already, an advantage that looks ominous to Llanwnnog workers.

A.D.G. Williams, a union leader for process workers, said: "All I want for Christmas is the faster. We've made tremendous strides in managing levels, labor relations and practices. We haven't done all this to see it go down the drain."

## Large U.S. Banks Pour Funds Into Securities

By Michael Quint

NEW YORK — Large banks in New York are compensating for declining demand for business loans by increasing their purchases of securities, according to data released by the Federal Reserve Bank of New York.

For the week ended Dec. 15, the 10 large New York City banks had a \$291-million drop in their loans to businesses, to \$61.03 billion. Such loans rose by more than \$6 billion in the first nine months of this year. But since Oct. 6, the level of business loans outstanding has

fallen by nearly \$1.7 billion, largely as a result of the recession. Short-term borrowings have also been reduced as businesses borrowed more in the long-term bond markets.

While loans to businesses have declined, loans to individuals and loans secured by real estate have been growing slowly, and the large New York City banks have also increased their securities investments.

The Fed reported Friday that in the latest week, their holdings of Treasury securities rose only \$5 million to \$8.66 billion, but since midyear such investments have been growing rapidly. In the first six months of the year, Treasury investments fell almost \$875 million, but as interest rates fell and prices rose for debt securities, these investments grew by \$2.63 billion.

Investments in tax-exempt securities issued by state and local governments have declined from the levels at the end of 1981, but in recent weeks have shown signs of increasing. In the latest week the New York City banks added \$120 million to their investment portfolios of tax-exempts to bring the

### U.S. Consumer Rates

For Week Ended Dec. 24

Passbook Savings	5.50 %
"All Saver's" Certificates	6.49 %
4-Month Savings Certificates	6.77 %
Tax-Exempt Bonds	9.84 %
Money Market Funds	8.15 %
Home Mortgage	13.74 %
F.H.B. average	8.15 %

Total of such investments to \$10.96 billion, still \$588 million lower than at the start of the year, the Fed said.

### U.S. CREDIT MARKETS

fallen by nearly \$1.7 billion, largely as a result of the recession. Short-term borrowings have also been reduced as businesses borrowed more in the long-term bond markets.

While loans to businesses have declined, loans to individuals and loans secured by real estate have been growing slowly, and the large New York City banks have also increased their securities investments.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

## Banque Bruxelles Lambert S.A. Bank Brussel Lambert N.V.

Brussels

For the financial year ending on 30 September 1982, consolidated figures show a balance sheet total of BF 1,056.6 billion (+14.3%). Gross profit before taxes, depreciation and provisions amounted to BF 5,967 million (+25.7%), and net profit to BF 1,420 million (+27.7%).

Before distribution of profits, the level of shareholders' equity is BF 23,227 million (+14.0%).

It is proposed to distribute a net dividend of BF 90, as compared with BF 70 paid for the previous financial year.

The structure of shareholdings in the bank has recently undergone major modification. Leading institutional investors, both from Belgium and abroad, have taken up shares made available by the reduction in the shareholding held by Groupe Bruxelles Lambert S.A.

These institutional investors include Winterthur, A.G., Royale Belge, Assenel, Urbaine UAP, and the Merchant Navy Officers' Pension Fund.

The Board of Directors, at the beginning of February 1983, will propose to the Annual General Meeting of Shareholders a capital increase of some BF 2 billion.

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## Ruling in U.S. Casts Doubt on Bankruptcies

**WASHINGTON** — The Supreme Court has refused to extend the Dec. 24 deadline that Congress gave for restructuring the U.S. bankruptcy courts.

Federal judicial districts ready had adopted a "model" authorized by the Judicial Conference of the United States as a way of handling bankruptcy cases if the line passed without congressional action. Under that the district judges will essentially assume the bankruptcy jurisdiction that the Supreme Court said could not constitutionally be exercised by the bankruptcy judges.

But many bankruptcy experts say that the system will be cumbersome at best, with overburdened district judges unable to give bankrupt companies the prompt attention that can make the difference between reorganization and failure.

## BUSINESS BRIEFS

Also, on a historic basis, price/earnings multiples increase when the inflation rate declines, noted Edward Kerschner and Charles Pradilla, investment strategists for Paine, Webber, Mitchell Hutchins, in a report to clients last month. As of Nov. 1, the S&P 400 index carried a multiple of 8.1 times earnings for the next 12 months, compared to 6.1, they calculated, that multiple reflected an expected 84-percent inflation rate, rather than one several points lower, which most economists, including Paine Webber's, expect for 1983. And as Mr. Kirschner and Mr. Pradilla told clients, "If the market were priced reflecting a 3 1/2-percent inflation rate, the normal multiple would be almost double today."

But where will the sun shine the brightest if there is to be a prolonged bull market? Many investors might be tempted to load up on small company stocks. Between 1975 and 1981, the bottom 20 percent of New York Stock Exchange-listed stocks, in terms of market capitalization, performed 2½ times as well as the S&P 500 Index, according to Steven Einhorn, vice chairman of the investment committee at Goldman Sachs.

But that may not be the case this time around, he added. Before 1975, small stocks had been beaten down more than large stocks and looked cheap by comparison. Now

Harold Ehrlich, chairman of Bernstein-Macaulay, the money management arm of Shearson/American Express, is one. Among companies whose earnings he believes will surprise investors are large oil concerns with big natural gas components, such as Standard Oil (Indiana), Superior Oil and Phillips Petrole-

The inevitability of a corporate earnings recovery, whenever it occurs, has prompted many investment strategists to conclude that, despite the large price discounts, the ready sale of "the bulk of the bull market move is ahead of us," as Paine Webber's chief investment officer, Ronald Gitch, told customers via a live transmission seminar to all offices Nov. 10. He added that he would not be surprised to see the Dow Jones industrial average advance 70 percent more by the end of 1984.

Almost as bullish is Mr. Einhorn of Goldman Sachs. He expects the Dow to hit 1,175 to 1,200 by the end of next year and rise as much as 10 percent more in 1984.

Barclays said it had been prepared to apply to Hong Kong's high court to proceed with a form of receivership provided it had sufficient support from other lenders. The bank said it did not seek to continue the receivership if it initiated at the other lenders' request because it felt the support, though significant, was inadequate.

The receiver told a hearing before a high court judge Thursday that he "had been able to locate and arrange for subsequent payment into court of a substantial sum of money belonging to the company," Barclays said.

**LONDON (Combined Dispatches)** — Banque Française du Commerce Extérieur is raising \$500 million with a five-year floating rate Eurobond. Crédit Suisse First Boston announced Friday.

Guaranteed by France, the notes are to pay a margin of ¼ percentage point over the mean of the bid and offered rates for six-month London Eurodollar deposits. The expected payment date is Jan. 31. Crédit Suisse and Société Générale are the lead managers.

Earlier last week, Commerzbank announced a \$100-million, seven-year Eurobond issue to be used as part of an interest-rate swap with a second party, which was not identified. The part-paid bond, which is non-callable, carries an 11½-percent coupon and par pricing. Investors will have to pay 20 percent of the price around Jan. 19 and the remainder about six months later.

**NEW YORK (NYT)**—Total assets of U.S. money market mutual funds dropped to \$8.3 billion in record, in the week ended Wednesday, the Investment Company Institute said.

That brought the decline in money fund assets since the start of December to \$14.8 billion, or 6.4 percent of the \$232.3 billion outstanding at the beginning of the month. Although a portion of the slump is traceable to normal holiday spending, the larger part reflects the intense competition for savings that has developed since the government allowed banks and thrift institutions to begin offering accounts that pay no interest on deposits they pay, permit easy withdrawal and carry federal deposit insurance.

Money market accounts have been available at the banks since Dec. 14 and the Investment Institute report on Thursday, because it covered the first full week of their existence, was the first indication of their ability to draw money from the money market mutual funds.

**TOKYO (Reuters)** — The Japanese economy is officially forecast to grow by 3.4 percent in the financial year beginning next April 1, compared with a revised 3.1 percent in the current year, the Economic Planning Agency said Friday.

Agency officials said the projection was contained in an EPA-drafted economic outlook for 1983 approved by the Japanese cabinet. The agency's director-general, Jun Shiozaki, said the Japanese economy would show continued recovery from the latter half of the new fiscal year and was likely to achieve a growth rate of 3.4 percent in the following fiscal year as well.

The agency also forecast a trade surplus of about \$20 billion, compared with about \$19 billion in the current year. Inflation was projected at 3.3 percent, against an expected 2.7 percent.

## Company Notes

**EL PASO CO.** said Thursday that a U.S. court granted it a temporary restraining order stopping Burlington Northern from proceeding with a tender offer of \$24 a share for 50.7 percent of El Paso. The order is pending a hearing scheduled for Dec. 30.

**MITSUBISHI HEAVY INDUSTRIES** said Friday it has won orders from Greek and New Zealand owners for the construction of three ves-

ings (Australia) unit has sold its refining and distribution activities to Ampol in return for an unspecified stake in Ampol's capital. It said Total will continue to search for and produce oil and natural gas as well as maintain activities in developing coal and uranium deposits in Australia.

AMFAC said Thursday it will show a gain of \$13.5 million, or 90 cents a share, from the sale of the Royal Lahaina Hotel at Kananani Beach, Maui, Hawaii. The hotel was sold by Fort Associates, composed of related entities of Amfac and the Bass family of Fort Worth, Texas, to Pleasant Travel Service of Westlake, California.

## Investment Slows in Ireland

(Continued from Page 7)

making computer printers, cut 117 more jobs last month and is down to 23. Burlington Industries has cut its payroll to 1,700 from 2,200 at its three Irish plants. A Fieldcrest Mills joint venture in Kilkenny closed in June, idling 600 workers, although some jobs were saved when a Belgian company took over part of the plant.

The authority has had remarkable success, Mr. Chalker said. "Against lots of competition for foreign investment — Portugal, Belgium, Holland, Greece — they've competed very well."

Development of the authority's planning division, the main effect of the recession has been that "companies' plans have been not so much canceled as

Even amid the heady growth of the 1970s, Ireland ran a treadmill in employment. Emigration has historically been Ireland's answer to unemployment; in the last decade, however, those leaving were outnumbered by those returning home. In addition, the country has the highest birthrate in Europe. Employment, to keep up, must increase at 1.5 percent a year.

leagues who have studied the Telesis report closely. In the future, she said, "I suspect there will be a trend away from handouts and toward solving problems that companies have once they are here."

Meanwhile, the government's financial position is creating dark clouds on the investment horizon. As the recession set in, Ireland

The answer, it was felt, lay primarily in attracting foreign investment. To that end, the development authority, armed with cash grants averaging 30 percent of capital spending, bullishly recruited investment. This year it is naving

"Next year will probably be difficult again," Mr. Brosnan said. "But once the recession eases, I think we can really take off. We will need no need for any alarm." But he added: "The strategies that worked in the 1970s might not work in the 1980s. An organization

out 147 million pounds in grants to foreign and domestic enterprises, and it has made grant commitments totaling 200 million pounds — down from 290 million last year — for new projects. Such grants have averaged about 7,000 pounds per job created; the government figures it recoups the grants in one year through tax revenues and sav-

Since the late 1950s, when Ireland abandoned a 30-year policy of economic isolation, its development strategies have been a matter of broad consensus. A study by the American consulting firm Telesis observed, "There is undoubtedly in Ireland a degree of common

Prices	Feb.	May	Aug.
450	22.50-25.50	40.00-44.00	
470	14.50-17.50	30.00-34.00	46.00-50.00
490	9.00-12.00	21.50-25.50	36.50-40.50
510	4.00-6.00	17.00-21.00	24.00-28.00

But the Telesis study, commissioned by Ireland's National Economic and Social Council and released earlier this year, also raised several criticisms. It found an insufficient emphasis on the ability to sustain jobs, not merely create

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**ROME** — Italy and the Holy See have signed an agreement setting up a joint commission to investigate dealings between the Vatican bank IOR and Banco Ambrosiano, the Foreign Ministry said Friday.

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... Funds Suffer  
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... Economic Growth  
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Over-the-Counter

Table with multiple columns showing stock prices and market data for various companies and indices.

Chicago Exchange Options

Table with multiple columns showing options prices and market data for various companies and indices.

American Exchange Options

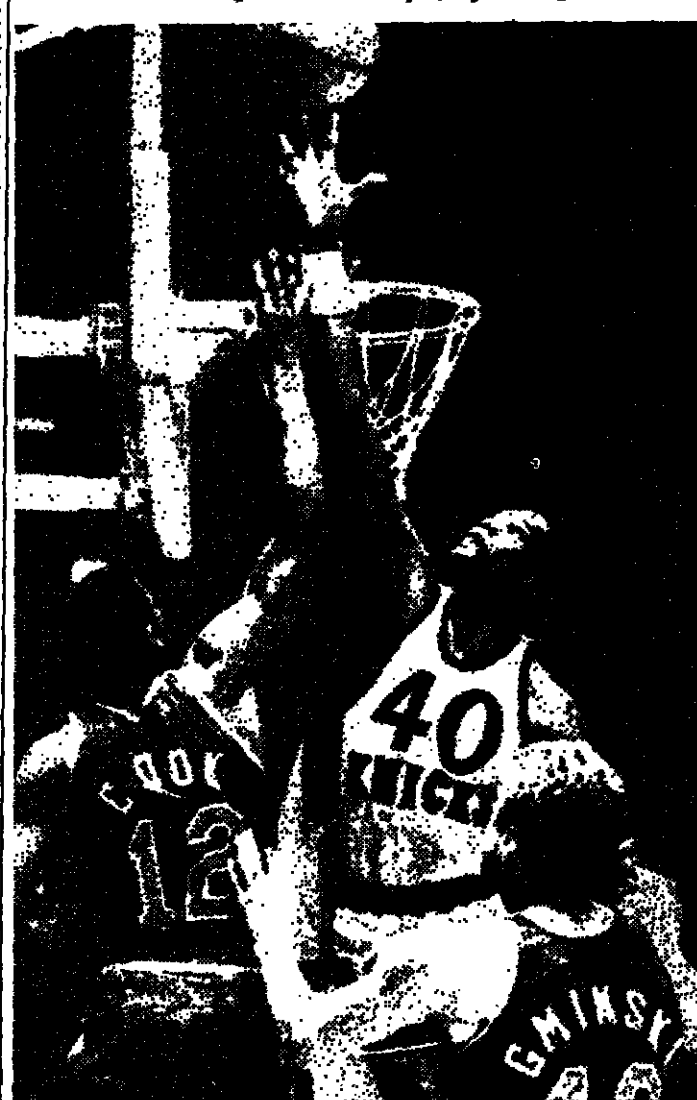
Table with multiple columns showing options prices and market data for various companies and indices.

NHL and Russians Get Set for 'Friendly' Series

United Press International  
MONTREAL — The Soviet all-star team is returning for another hockey tour of North America. If recent history is an indicator they will insult their hosts in their own arenas and go home victorious.

Chaminade Shocks Virginia, 77-72

By Michael Wilton  
Washington Post Service  
HONOLULU — Chaminade University of Honolulu has pulled off one of the biggest upsets in college basketball history, defeating No. 1-ranked Virginia, 77-72.



New York forward Marvin Webster (40) outreached New Jersey guard Darwin Cook for an early-going rebound at Madison Square Garden Christmas night, but the Nets went on to a 112-110 National Basketball Association victory in double overtime.

College Basketball Scores

Table with multiple columns showing college basketball scores for various teams and games.

NBA Standings

Table with multiple columns showing NBA standings for various teams and divisions.

More Sports On Page 11

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## CROSSWORD

**ACROSS**

- 1 He was Grant on TV
- 2 Tapestry type
- 3 Last near Ocean, N.Y.
- 4 Office worker
- 5 Signals of sorts
- 6 Hit the jackpot
- 7 Reagan, for one
- 8 Yalie
- 9 Reels
- 10 Radar image
- 11 Biblical verb ending
- 12 Fortune card
- 13 Salute of sorts
- 14 Ooze
- 15 Dumbbell
- 16 Curbin beetle
- 17 Caviar
- 18 G.P.'s
- 19 Capitol feature
- 20 Wheel of helmer
- 21 Kind of helmer
- 22 Agony
- 23 Succeeded by N.R.C.
- 24 Transmitters
- 25 Advantage
- 26 Breeze catcher
- 27 Upbeat
- 28 Piece of the action
- 29 Night's partner
- 30 Word with under or cut
- 31 Nova
- 32 Suffragette
- 33 Brooklyn
- 34 Word runners and locomotives "get up"
- 35 Rocky pinnacle
- 36 Jewish feast
- 37 Author Jung
- 38 Cen. units
- 39 Lock
- 40 Kind of beam

**DOWN**

- 1 Refuse
- 2 Sault
- 3 Teachers' org.
- 4 Offensive one, at times
- 5 Parch
- 6 Assimilate
- 7 Adapt
- 8 machinery to new needs
- 9 NAREB member
- 10 Carcin pads, for short
- 11 Compass point
- 12 Self-cocept
- 13 S.A. liberator
- 14 Camera supports
- 15 Overseas-news org.
- 16 lumbagi
- 17 Pluralizer
- 18 Private eye
- 19 Principals
- 20 Yarn quantity
- 21 Con's partner
- 22 Handle
- 23 problems well range
- 24 Accumulate
- 25 Sugar source
- 26 Grid six-punters
- 27 "begins at home"
- 28 Fumigating device
- 29 Shower of sparks
- 30 Opposites of rotors
- 31 Narrow inlet
- 32 Foxy
- 33 "Walkie"
- 34 Capital of the Dodecanese
- 35 Moroccan range
- 36 Painter's prop
- 37 Prophet
- 38 Fricof
- 39 "begin at home"
- 40 Ice, in Essen
- 41 Suit topper
- 42 Spoil

## WEATHER

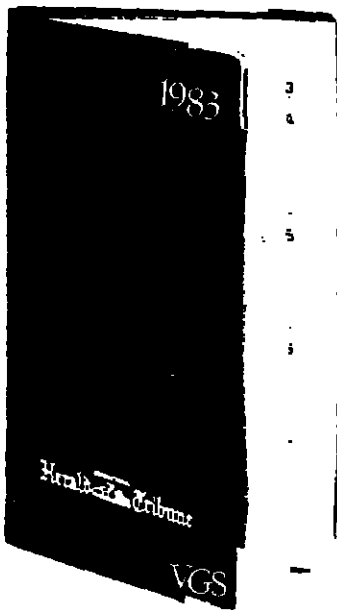
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ALABAMA	12	5	4	40	Fair	18	8	4	40
ALASKA	14	4	10	30	Overcast	21	7	5	41
AMSTERDAM	9	4	4	40	Overcast	10	4	0	32
ANAKA	4	2	3	37	Cloudy	12	7	2	36
ATHENS	14	5	8	46	Fair	21	7	2	36
AUCKLAND	18	6	13	55	Cloudy	27	21	7	48
BANGKOK	31	24	24	75	Cloudy	37	27	8	46
BELGIUM	5	4	0	32	Fair	7	4	0	32
BERLIN	18	6	12	54	Overcast	22	1	3	30
BIRMINGHAM	18	6	12	54	Overcast	22	1	3	30
BOSTON	19	6	5	41	Rain	23	7	4	40
BRUSSELS	18	6	12	54	Overcast	22	1	3	30
BUCHAREST	6	4	3	37	Rain	19	4	0	32
BUDAPEST	5	4	0	32	Shower	15	7	4	40
BURBANK	25	22	22	72	Fair	31	24	7	48
CAIRO	22	12	14	57	Fair	18	8	4	40
CAPE TOWN	22	12	14	57	Fair	18	8	4	40
CASABLANCA	15	9	4	40	Fair	18	8	4	40
CHICAGO	3	3	1	30	Cloudy	7	4	0	32
COPENHAGEN	6	4	3	37	Overcast	10	4	0	32
COSTA DEL SOL	16	6	4	40	Fair	24	15	5	59
DAMASCUS	15	9	4	40	Fair	24	15	5	59
DUBLIN	9	4	4	40	Rain	12	4	0	32
EDINBURGH	6	4	3	37	Overcast	10	4	0	32
FLORENCE	12	4	4	40	Rain	18	8	4	40
FRANKFURT	3	3	1	30	Cloudy	7	4	0	32
GENOVA	3	3	1	30	Cloudy	7	4	0	32
HAGRE	29	24	24	75	Fair	35	27	8	46
HELSINKI	3	3	1	30	Rain	7	4	0	32
HONG KONG	15	9	4	40	Rain	24	15	5	59
HOUSTON	18	6	12	54	Overcast	22	1	3	30
ISTANBUL	12	5	4	40	Cloudy	18	8	4	40
JERUSALEM	15	9	4	40	Overcast	22	1	3	30
LAS PALMAS	26	15	15	59	Fair	32	24	7	48
LIMA	26	15	15	59	Fair	32	24	7	48
LISBON	9	4	4	40	Fair	12	4	0	32

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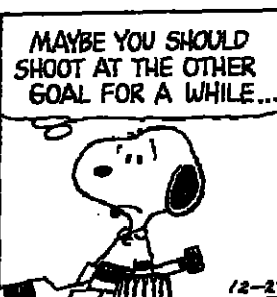
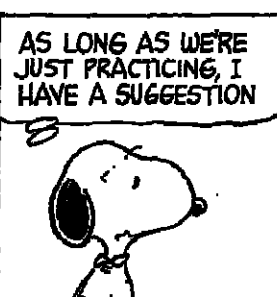
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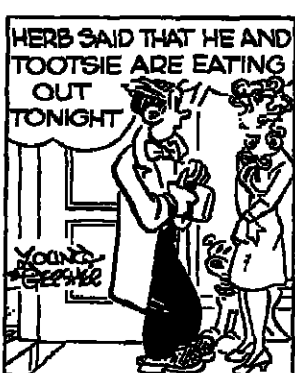
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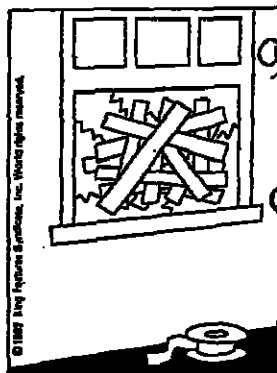
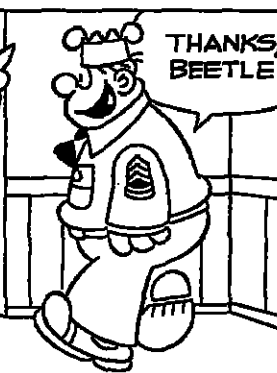
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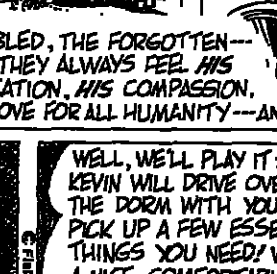
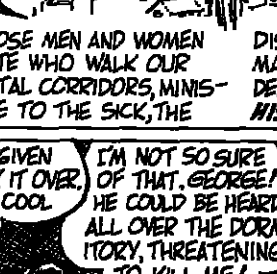
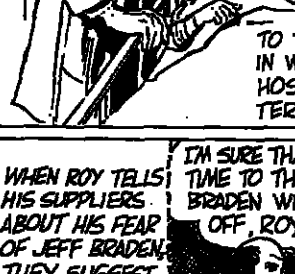
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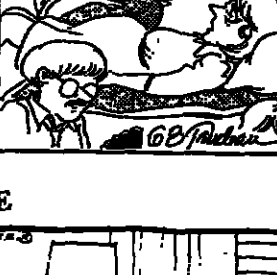
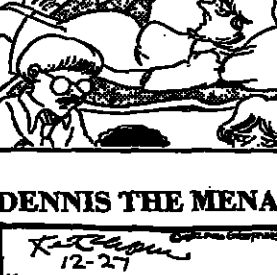
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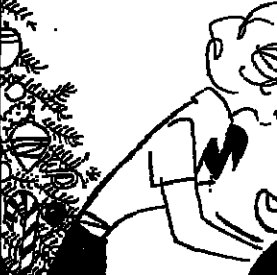
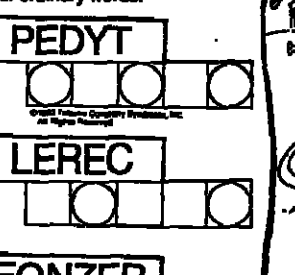
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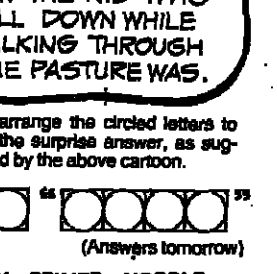
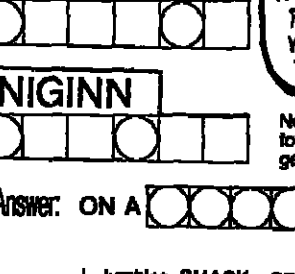
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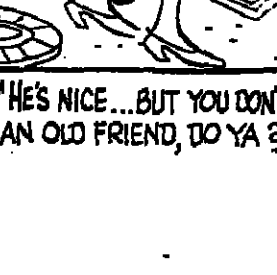
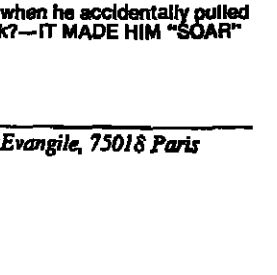
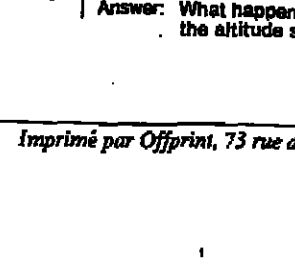
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By Michael Innes. 180 pp. \$10.95.

Dodd, Mead, 79 Madison Ave., New York, N.Y. 10016.

## DEATH OF AN ENGLISHMAN

By Magdalen Nabb. 172 pp. \$10.95.

Charles Scribner's, 597 Fifth Ave., New York, 10017.

Reviewed by Anatole Broyard

MICHAEL INNES is one of those almost relentlessly literary mystery writers who are "thick on the ground," as he would say, only in England. In "Sheiks and Adders," his usual hero, Sir John Appleby, the retired head of the London police, is given to what might be called a ratiocination. He goes to a local case at Dool Court, for example, merely out of a curiosity to know why Cherry Chifford's father, "was being so intransigent over the detail of a particular piece of miming or charade." He is drawn to the fête "by a sense of a small mystery," which is surely the idiosyncrasy of a retired English policeman.

Sir John is witty. He notices that when people dress up at a fancy dress ball, they do it literally, in the sense of upward mobility, choosing costumes of rather exalted rank. Mark Chifford is an exception. He comes in rags as one of the Seven Deadly Sins, in order to "afford a juster representation of the human condition." For reasons buried in the plot of "Sheiks and Adders," one of the guests is a real sheikh pretending to be someone who is pretending to be a real sheikh.

Mark is described by one of his peers as having "succumbed a little too much to education." A party of Drude performers, who are called a "persecution of the house," a threatened Arab emir refuses all sorts of security measures designed to protect him because they violate his sense of panache. There is a professor of advanced herpetology whose live specimens play an important part in the action, and a balloonist who also has his moment.

Though there is a murder in "Sheiks and Adders," most of the shooting is at language, and this raises questions about the role of wit in mystery novels. Is wit an escape, or just another reminder that we must grin and bear the world? Will the punch line replace the punch in the jaw? Is it fun to curl up with Is it suspenseful?

There's an eccentric old Englishwoman in running shoes who maintains a shrine to the poet Walter Savage Landor, who once lived in Florence. There is even the requisite English vicar and his wife, imported to Florence; it may well be, only because W.H. Auden said that he preferred mysteries that had a vicarage in them. It's all very civilized, the atmosphere in these two books, and while some cultivated readers will be charmed, others may ask where are the inevitabilities, the furious crimes of yesterday?

Anatole Broyard is on the staff of The New York Times.

## Solution to Thursday's Puzzle

IRISH	ADAM	TETE
FORTE	BEDE	WOUK
FLOUR	POWER	ENTE
VEN	BEVY	RHESUS
SCALE	SHEPHERD	RIOT
POLKA	DAIS	EMEU
ILL	COUNT	AMER
GOOS	ONTO	BREVE
ANTENNAE	BATTER	LIST
SET	TEST	SEA
CRUZ	SLAVASAFORX	
ANNE	TIAPS	MODEL
NEER	STET	SPACE

## BRIDGE

By Alan Truscott

NORTH-South earned a top score on the diagrammed deal by good judgment in the bidding and accurate play.

After three passes South had an opportunity to add a fourth pass and end the proceedings. This would have been a reasonable action at rubber bridge, but would have been overly timid in a duplicate contest. South knew that his partner held moderate values, and had good reason to hope that he could make a part-score. If his singleton had been in the spade suit he would have passed, fearing that the opponents would outbid him in that suit.

North's double of the one-diamond overall was negative, in a situation in which expert interpretations vary. Some experts use it to deny substantial values, some to show both majors and some to show at least one major. North-South were using a style in which one spade would have promised a five-card suit, so the double was mandatory.

East completed to three diamonds, which was an accurate judgment. That contract would have failed by one trick because of the heart ruff available to the defenders.

South refused to be shut out and bid three hearts, nervously aware that his partner might place him with more strength. He was happy to pass when North corrected to four clubs, which proved a delicate contract.

Most lines of play would fail, but South navigated a path through the

shoals. He won the opening diamond lead in dummy and ruffed a diamond. Postponing trump leads, he played a spade. West won with the king and persevered with that suit. East continued this process, and South ruffed the fourth round. As West was now marked with five diamonds and two spades, and probably had another high card somewhere in his hand, South played him for the club queen and ruffed with the king.

The next move was to finesse the club nine successfully and ruff the last diamond with the club jack. Another club finesse permitted South to draw the last trump and claim his contract.

NORTH	19963	EAST
103	103	103
A72	A72	A72
A1097	A1097	A1097
K5	K5	K5
385	385	385
KQ1086	KQ1086	KQ1086
Q85	Q85	Q85

Neither side was vulnerable. The bid:

West	North	East	South
Pass	Pass	Pass	1♣
1♦	1♦	1♦	3♥
Pass	4♣	Pass	Pass

West led the diamond king.

## RADIO NEWSCASTS

## BBC WORLD SERVICE

News of 0000, 0200, 0400, 0600, 0800, 1000, 1200, 1400, 1600, 1800, 2000, 2200, 2400 GMT	Western Europe	25	11700	11	2500	11	2500	11	2500
0000	11700	11700	11700	11700	11700	11700	11700	11700	11700
0200	11700	11700	11700	11700	11700	11700	11700	11700	11700
0400	11700	11700	11700	11700	11700	11700	11700	11700	11700
0600	11700	11700	11700	11700	11700	11700	11700	11700	11700
0800	11700	11700	11700	11700	11700	11700	11700	11700	11700
1000	11700	11700	11700	11700	11700	11700	11700	11700	11700
1200	11700	11700	11700	11700	11700	11700	11700	11700	11700
1400	11700	11700	11700	11700	11700	11700	11700	11700	11700
1600	11700	11700	11700	11700	11700	11700	11700	11700	11700
1800	11700	11700	11700	11700	11700	11700	11700	11700	11700
2000	11700	11700	11700	11700	11700	11700	11700	11700	11700
2200	11700	11700	11700	11700	11700	11700	11700	11700	11700
2400	11700	11700	11700	11700	11700	11700	11700	11700	11700

## VOICE OF AMERICA

Broadcasts on the hour and at 28 minutes after the hour during various periods to different regions.	Western Europe	1
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SPORTS

North Carolina Upsets Texas; Washington Wins



Chris O'Connor (left) barely tipped away this first-half Aloha Bowl pass intended for Maryland's Mike Lewis. Washington won, 21-20, on a touchdown that came with six seconds left in the game.

Compiled by Our Staff From Dispatches  
EL PASO, Texas — Backup tailback Eban Horton ran for 119 yards and one touchdown Saturday to lead North Carolina to a 26-10 upset of Texas in the 49th annual Sun Bowl.

In Honolulu, meanwhile, Washington needed an 11-yard touchdown pass from Tim Cowan to Anthony Allen with six seconds left to defeat Maryland, 21-20, in the inaugural Aloha Bowl.

Horton, whose first carry did not come until midway through the third quarter, was named the most valuable player of the Sun Bowl. He carried the ball 27 carries in replacing tailback Kelvin Bryant, who sprained an ankle early in the second half.

Horton, a 220-pound sophomore, shared MVP honors with Bryant in last year's Gator Bowl victory over Arkansas by rushing for 144 yards. Bryant was hurt after rushing for 45 yards and didn't return to action.

"Eban Horton was obviously our most valuable," said Dick Crum, North Carolina's coach. "Kelvin got hurt and Tyrone Anthony was also hurt. We had only one tailback left, and he had to do the job."

The Tar Heels struggled through an error-prone, wind-blown first half before erupting for three field goals and two touchdowns in the final period.

Both coaches credited a goal-line stand early in the third period with turning the course of the game. Texas was leading, 10-3, and threatening to pull away with the ball at the Carolina 1-yard line.

Ervin Davis, a 225-pound fullback, barreled toward the goal line twice, and twice he came up short, running into cornerback Greg Poole on fourth down as Texas came away empty.

"That was the key to the game," Crum said. "They stopped us."

Said Davis: "It was my fault. I thought I saw a sliver of light outside, and when I went for it, I was put in to score and I didn't get it done. I did not do my job."

Rob Rogers, North Carolina's long-distance kicker whose 53-yard field goal in the first half had equaled a school record, started the fourth quarter with a 47-yard field goal. He then recovered his own on-side kick, setting up the drive that ended in a 23-yard field goal by Brooks Barwick, the team's short-distance kicker.

The Tar Heels took a 12-10 lead midway through the fourth quarter when Barwick kicked a 42-yard field goal. Horton then scored with a successful kick this season. Horton upped the lead to 19-10 on a 1-yard run with less than three minutes to play.

Linebacker Mike Wilcher completed the scoring by recovered a fumble by Longhorn quarterback Todd Dodge in the end zone with 1:35 left in the game. Dodge, who completed only six of 22 passes for 50 yards, was replacing regular starter Robert Brewer who broke his thumb in practice Monday.

"Of course, it's an advantage when you can kick with the wind behind you," said Crum, whose team held on to the ball for more

than two-thirds of the second half. "All our field goals today were kicked with the wind."

Akers said North Carolina "did what they had to do in the second half. I really felt we should have had two more touchdowns, and if we had, I think we would have won. On a day like this, the kicking game and the passing game are most affected."

The Tar Heel defense, ranked second in the country, did not permit the powerful Texas offense to score a touchdown and held its leading rusher, Darryl Clark, to 56 yards on 14 carries.

Texas scored its points when Ronnie Mullins blocked David Lowe's punt and fell on the ball in the end zone for a 7-0 lead with 3:43 left in the first quarter. With 2:18 remaining in the first half, Raul Allegre kicked a 24-yard field goal to give Texas a 10-3 lead.

North Carolina finished the season at 8-4, while Texas was 9-3.

In Honolulu, Washington, trailing 20-14, took over the ball with 3:49 left in game and marched 80 yards for the winning touchdown. Quarterback Cowan completed eight passes for 65 yards during the 17-play drive.

Chuck Nelson kicked the winning point after the touchdown reception by Allen, who caught the ball in the left corner of the end zone, barely staying in bounds.

"I stuck it where I thought I could get it in bounds," said Cowan of his game-winning pass. Added Allen: "Tim didn't give me much room, but he didn't have much room either."

On Maryland's previous series

of downs, Jess Atkinson had an opportunity to put the game out of reach, but missed on a 32-yard field goal. Maryland had taken a 5-51 left after the Huskies failed to make a first down on a fake punt.

"The missed field goal gave us a chance," said Washington Coach Don James, whose team finished the season at 10-2. "If he made it, it would have been the ball game."

In the first half, Cowan and Allen teamed up on another pair of aerial scores, the first going 27 yards and the second 71.

Cowan, voted the game's most valuable player, completed 33 of 53 passes for 350 yards. His play offset an outstanding performance by Maryland's Boomer Esiason, who hit on 19 of 33 passes for 251 yards and two touchdowns.

Down 14-6, at halftime, Esiason marched Maryland to 14 points to put the Tarps ahead for the first time. 20-14 early in the fourth period, Esiason hit John Tice from 36 yards for a third quarter score and John Nash ran over 2 yards out on the first play of the fourth period.

Maryland's first score came in the second quarter after one of four Washington fumbles, with Esiason passing six yards to Dave

D'Addio. But Atkinson, who had a string of 39 consecutive conversions, missed the extra point after a bad snap.

Maryland ended the season at 8-4.

■ South Wins Blue-Gray Game

Johnny Hector caught a 26-yard touchdown pass from Texas A&M teammate Gary Kubiak and scored on a 1-yard run to spark the South to a 20-10 victory in the 45th annual Blue-Gray game in Montgomery, Alabama, on Saturday.

The victory was the Gray's first since 1978 and gave the South a 23-20 edge in the all-star series that began in 1938.

The Blue's only touchdown came on a broken play. Quarterback Steve Clarkson of San Jose fumbled and running back Ken Lacy of Tulsa scooped it up, ran left and threw a 33-yard TD pass to Tim Stracka of Wisconsin. The Blue team also got a 37-yard field goal by Northern Iowa's Steve Schoner.

The Gray's other touchdown came on a 8-yard pass from Southern Mississippi's Reggie Collier to Stanley Washington of Texas Christian in the fourth quarter. Texas A&M's David Hardy missed the extra point.



North Carolina back Kelvin Bryant, on the move against Texas.

NCAA Puts High Price on Sports: A Student's Education...

By Timothy S. Healy, S.J.  
New York Times Service  
NEW YORK — At its annual meeting in San Diego next month, the National Collegiate Athletic Association, under pressure from the College Football Association, will try to restructure its Division I basketball competition so that most nonfootball colleges are left out.

Colleges can stay in if they give a large number of athletic scholarships, draw an average of 3,500 spectators to their basketball home games, and fund eight other men's sports.

What is surprising about the proposed change is not that the NCAA is wrong in its reading of what is good for higher education in the United States, but that it is so wrong — indeed, wrong-headed — about what is good for the NCAA itself.

This modest proposal, even if it were expanded to oust all colleges

that do not play football, still would not be enough to hold the CFA powerhouses within the NCAA. And it certainly would not make Division I any more logical than it is now, or any more supportive of the real values of higher education.

Much hand wringing goes on about the 16-percent increase in the number of schools in Division I, and a great deal of pious prose comes as wrapping for the proposed changes.

Eight years ago there were 237 colleges in Division I; this year there are 277. Growth thins out championship revenues.

As the NCAA points out, "The Division I men's basketball championship provides more than 60 percent of the total NCAA revenue budget and, obviously, enables the association to maintain numerous essential services for all its members."

Lest anyone misread the dollar signs in that, the paragraph goes

on to say that Division I colleges "have created 'the golden goose' and it would be unfortunate if a minority in Division I — a minority in numbers, in quality of teams, and in spectator acceptance — were to be successful in damaging the mechanism that generates substantial benefits for the entire membership."

The football colleges win 86 percent of revenue-producing championships. The battle is thus about the remaining 14 percent. The big schools are saying to the little ones, "My 86 percent is mine, and your 14 percent is negotiable."

The proposal's weakness in the larger world of higher education is immediately obvious.

"A basic purpose of this association is to maintain intercollegiate athletics as an integral part of the educational program, and the athlete as an integral part of the student body and, by so doing, retain a clear line of demarcation between

college athletics and professional sports."

But an examination of the proposed changes reveals major contradictions with the three stated purposes of the NCAA.

The first purpose of the NCAA is to "maintain intercollegiate athletics as an integral part of the educational program." It is fascinating to watch the NCAA, through these new rules, turn itself into one of the lesser and more intrusive accrediting agencies that infest universities.

The association makes a great deal of the connection between academics and athletics, but sets out only three requirements. A university or college must sponsor a "broad-based program," conduct all or nearly all of its sports on a "legitimate" Division I level, and make annual scholarship commitments of somewhere between \$200,000 and \$400,000.

The NCAA may feel that this will make certain that athletics are

connected to education, but the logical connection escapes this writer.

The new rules thus cast the NCAA as an accrediting agency nosing around the internal business of the university and focusing squarely on process and not on product.

The association wants to guarantee a "broad-based program" and make it "legitimate," but the way it proposes to verify both is to count the spectators the program draws and the amount of money the school spends on athletics, and to oversee the distribution of the school's budget among athletics and other student activities.

In other words, the professional athletic directors who make up most of the voting body of the NCAA will return to their campuses and inform university presidents and boards of trustees that "thus ye shall do" or face exclusion. If that becomes standard NCAA practice, the College Football Association probably will find every serious college and university working with it to dismantle the NCAA.

For the second purpose — the integration of athletics with the rest of the student body — the proposals are even more shocking.

For the 1981 athletic year, statistics compiled by The Sporting News in a survey of the major athletic conferences reveal the graduation rates (within four years) of basketball players. They run from 100 percent in the Ivy League to 67 percent in the Southwest Conference; the average for the 20 major conferences stands at 45 percent.

Four conferences graduate 60 percent or more of their seniors: the Ivy, the Big East, the Atlantic Ten, the Southern. Four more conferences equal or top the national average. All the rest fall below this average, with figures such as 36.8 percent for the Atlantic Coast Conference, and 30.4 percent for the Big Ten.

If this is to "maintain... the athlete as an integral part of the student body," we are all talking NewSpeak.

The final purpose of the NCAA puts forward to an admiring world is to "retain a clear line of demarcation between professional and amateur sports." To add up budget totals and count spectators is not only to employ a professional canon, but also to rely on professional suppositions, a whole set of them.

The thrust of the current proposal is to blur even further the line between professional and amateur, to apply to intercollegiate athletics the canons and norms of professional sports, and thus subscribe to the delusion that bigger is always better.

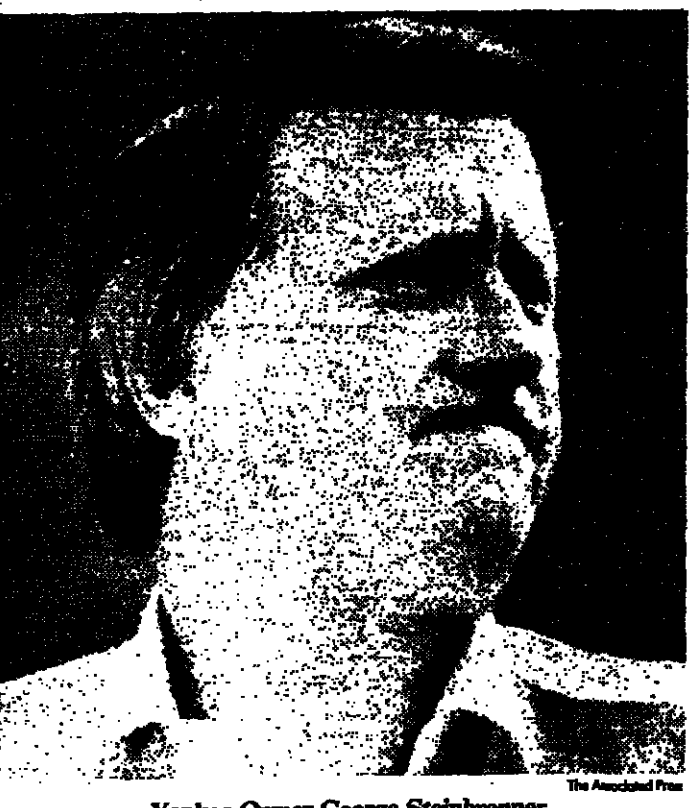
Whether the college presidents will be able to end this itch for grandiosity on the part of their athletic associations and the NCAA remains an open question. The American Council on Education has set up a committee of presidents that is addressing the problems of athletics.

The presidents are looking at academic performance, the limitation of eligibility, the just disposition of scholarship money, and the length of athletic seasons; all things that the NCAA wishes to reserve to its own self-serving judgments. If the presidents are sufficiently exercised, the NCAA may be forced to put its norms for Division I in academic and not in sports-professional terms.

This would force a few colleges and universities out of the singularly inappropriate trade of using students. It might also make it harder for the CFA to desert the NCAA fold after all.

No matter what the athletic director wants, the president and the board of trustees will take a dim view of branding their institution publicly as one that does not know the difference between pro and amateur or, rather more painfully, between its own young as students and as tools of institutional fund raising.

...But the Owner-Agent Price Is Oh, So Right



Yankee Owner George Steinbrenner. After a disastrous go-go experiment, \$11 million for free agents.

By Shirley Povich  
Washington Post Service  
WASHINGTON — It all got going in 1975 with Catfish Hunter. He put his services on the open market and was snatched up, predictably, by George Steinbrenner. The New York Yankee offer that Hunter leaped at, in an era when the \$100,000 pitcher was a rarity, was for \$2.85 million for five seasons' work.

The Catfish Hunter windfall sent pleasant shock waves out to the whole player community. It left them stinging at the prospect of the riches in store. They were not disappointed.

But seven years later, Hunter would learn that he had sold himself cheaply for a \$750,000 a year pittance, compared to these times in baseball.

Recently, a pitcher who never had a winning season got a five-year, \$4.5 million deal. That was Floyd Bannister, with a career record of 51-68, a one-season high of 12 victories in dull contrast to the four consecutive 20-victory seasons Hunter could show the Yankees in 1975, including his last one, a 25-12 performance for Oakland.

Oh, to be a baseball free agent in these times and be in demand by pennant-hungry, egocentric club owners, mostly newcomers to baseball, who somehow are bereft of their sense of the business sense that enabled them to gain the

wealth to buy a team in the first place.

Last week, free agent Steve Garvey, whose credentials as a first baseman-hitter fall far shy of Hunter's as a pitcher, signed a basic \$6.6 million contract with San Diego for five years, or a guaranteed \$1,320,000 a year. With incentive bonuses it could add up to a \$9 million security blanket for Garvey.

Today's agents know where the big money is. They are cunning, artful and business-wise. And aware of which club owners' obsessions to play on, how to set one club owner against another, how to pump up their clients' importance to a team and get more money for him, and not incidentally, for themselves.

Dick Moss, a respected attorney-agent, was the one who negotiated Steve Kemp into his \$5.5-million, five-year deal with the Yankees, who, according to sources, weren't even in the hunt for Kemp until late in the game.

There was the strong suggestion that Baltimore and Milwaukee were hot on the trail of the former Chicago White Sox outfielder — including radio interviews that had Kemp saying he'd just love to play with the Orioles. Steinbrenner reacted.

Ha, thought Steinbrenner. Those are the two teams the Yankees will have to lick next season.

The Orioles or Brewers must not sign Kemp.

The Yankees must sign Kemp.

Price no object, at least not much of one.

So Moss got his man that good deal, from circumstances calculated to scare the hell out of Steinbrenner.

According to sources, Milwaukee wasn't much interested in Kemp and the Orioles were in no hurry to negotiate with him. The closest the Orioles got to a discussion about Kemp was to schedule a meeting with him or his agent a week after the Honolulu baseball meetings.

Meantime, Steinbrenner got into the act. Just as, no doubt, Moss had hoped.

Agent Jerry Kapstein's ability to get Don Baylor a reported \$3.675-million, four-year package from the Yankees was even more of a triumph.

Baylor, at 33, is strictly a designated hitter, lacking the speed that once permitted him to play the outfield for Baltimore and the California Angels, his only contribution could be with the bat as a DH on a Yankee team that already carried five designated hitters. And Baylor's 263 average with the Angels last season wasn't all that great.

But Kapstein knew which of his customers had the deepest pockets. Steinbrenner, of course. He knew Steinbrenner to be an addicted hero worshiper who had seen power-littered Baylor drive in those 10 big runs in the 1982 playoffs against Milwaukee, and was impressed with how fierce he looked up there at the plate.

He also knew that Steinbrenner had abandoned his experiment of last year — changing the image of the Yankees to a go-go team, built for speed (a disastrous experiment that saw them steal fewer bases than the previous year). So Kapstein sold 'em Baylor.

To underscore the progress of free-agent society, consider Baylor's history.

Six years ago, in his first venture as a free agent when he was a mere 27 and still useful as an outfielder, he signed with California for less than half as much as he gained from the Yankees at 33.

The agents know whose is the liveliest checkbook. With the addition of pitcher Bob Shirley, who got a three-year, \$1.5-million guaranteed deal, Steinbrenner in one period this month committed the Yankees to more than \$11 million worth of free agents.

No other owner has been as reckless as Steinbrenner, who is undaunted despite having more than his share of free-agent flops and bust-outs.

Eddie Einhorn, president of the White Sox, threw light on Steinbrenner's methods:

"George can operate like no

other club owner. He has that \$100 million committed from future cable TV revenues, for the next 10 years. That lets him go to the bank and finance anything he likes.

"No other team has a stake like that."

How do teams pay the kind of salaries allotted to high-priced free agents?

Often there are deferral payments, sometimes called "discount dollars." But ultimately there must be a day of reckoning. There is a limit to what any club can generate at the gate, and all teams confess they are anxiously exploring cable revenue.

There is always curiosity as to exactly how some of the free-agent hotshots are paid on their multimillion-dollar contracts. It may be illustrated by one reported breakdown of Steve Kemp's contract, which stipulates:

- A \$500,000 bonus for signing.
- \$650,000 in each of first two years.
- \$950,000 in third year.
- \$1 million in the fourth year.
- \$1.1 million in the fifth year.
- \$600,000 in each of first two years after contract ends.

A little perspective may be in order. Take the salary figure of the Washington Senators of 1903.

In that year, the payroll for all 18 players, plus the manager — everybody, for the entire season — totaled \$39,203.71.



Steve Kemp. A fat five years.

Dickey, Packers Bury Falcons, 38-7

Compiled by Our Staff From Dispatches  
ATLANTA — Quarterback Lynn Dickey teamed with James Lofton on touchdown passes of 80 and 53 yards and Eddie Lee Ivey ran for two more scores, sparking Green Bay to a 38-7 shellacking of the Atlanta Falcons here Sunday and gaining the Packers a spot in the National Football League playoffs.

Green Bay, 5-2-1, shut down the NFC's leading ground attack and snapped a three-game Falcon winning streak. Atlanta got its only touchdown on a 3-yard pass from Steve Barkowski to William Andrews in the second quarter, cutting the Packers lead to 14-7.

But the Dickey-to-Lofton TD bombs, coming with 1:47 left in the second quarter and 8:12 left in the third, turned the game into a rout. It was Atlanta's worst defeat since a 37-6 loss to New Orleans in 1979. Dickey completed 10 of 17 passes for 248 yards in just over three quarters of action.

The Packers drove 80 yards for their first touchdown, the key play being a 43-yard pass-interference call on Atlanta's Bobby Butler that put the ball on the Falcons 25. Ivey scored on a 2-yard blast off left tackle with 1:31 left in the first quarter.

Dickey hit rookie Phil Epps with a 50-yard pass down the right sideline to the Atlanta 12 to set up the winners' second touchdown, which came on Ivey's 12-yard sweep around left end.

The Falcons then drove 79 yards for their only score when Barkowski, who hit on 24 of 35 passes for 267 yards, completed throws of 18 and 17 yards to Floyd Hodge and 20 yards to Andrews before hitting the latter from three yards out for the score.

The Packers answered immediately when Lofton got behind Kenny Johnson for his 80-yard score 1:47 before halftime. The TD pass was the longest of the year for Dickey and the longest scoring reception of Lofton's career.

The Packers made it 28-7 when Lofton beat Johnson again for a 57-yard TD catch in the third period and then added the final touchdown on a 9-yard run by rookie Del Rodgers on the first play of the fourth period.

Green Bay's Jan Stenerud closed out the scoring with a 22-yard field goal with 11:22 left in the game.

Steelers 37, Patriots 14

In Pittsburgh, Terry Bradshaw passed for 282 yards and two touchdowns to lead the Steelers to a 37-14 victory over New England.

NFL ROUNDOUP

Bradshaw completed 17 of 27 passes, including a 9-yarder for a touchdown to John Stallworth in the second quarter and a 46-yard TD bomb to Greg Hawborne in the final period.

The victory by the 5-3 Steelers spoiled a fine performance backup Patriot quarterback Matt Cavanaugh, who came off the bench after Steve Grogan suffered a mild concussion and Tom Fick proved ineffective. Cavanaugh passed for 218 yards and two touchdowns in the game's final 20 minutes.

Rookie Gary Anderson kicked field goals of 21, 25 and 44 yards and four extra points for the winners. Frank Pollard scored the Steelers' first touchdown on a 1-yard plunge and Walter Abercrombie scored his first pro touchdown, also from the one, in the fourth quarter. Steeler Franco Harris rushed for 101 yards on 23 carries, giving him the 41st 100

yard-plus rushing game of his career and the second this season.

Cavanaugh's touchdown passes were a 23-yarder to Lin Dawson and a 75-yarder to Stanley Morgan.

Chiefs 26, Colts 13

In Kansas City, Missouri, Dwight Clark atoned for a dropped pass by going 51 yards on a key third down play that set up Jeff Moore's go-ahead touchdown, and Ray Wersching kicked four field goals to boost San Francisco past the Chiefs, 26-13. The defeat consigned 2-6 Kansas City to an eleventh consecutive non-playoff season.

Late in the third period with Kansas City leading, 10-9, Clark dropped an easy pass from Joe Montana on a second down from the San Francisco 28, but the pair came right back with the same play. This time, Clark caught the ball at the 43, dodged two tacklers and made it to the Chiefs 21. Moments later, Moore dived across from the first line to give the 49ers their first lead, 16-10, with 13:21 to play.

Nick Lowery's 39-yard field goal brought Kansas City to within three points, but Wersching answered with a 34-yarder with 1:56 left, and Ronnie Lott tackled on a final 49er TD with an 83-yard interception return with 11 seconds to play.

Browns 20, Oilers 14

In Houston, safety Clinton Burrell recovered two fumbles by Earl Campbell, the second setting up a one-yard game-winning touchdown run by Charles White with 6:40 to play. Cleveland beat the Browns 20-14. The Browns' record at 4-4 and remained in the American Football Conference playoff race while Houston lost its sixth straight and fell to 1-7.

Houston had a 14-10 lead in the fourth quarter, but after Cleveland closed to within on Matt Bahr's 24-yard field with 8:03 to play, the Browns got the ball back when Campbell fumbled and Burrell recovered at the Oilers one. White scored on a dive on the first play.

Buccaners 23, Lions 21

In Tampa, Florida, Bill Capece kicked three field goals, including a 27-yarder with 25 seconds left, to rally the Buccaneers to a 23-21 victory over Detroit. The winning kick was set up when Lion cornerback Bobby Watkins was called for pass interference against Kevin House at the Detroit 13. Capece, who suffered a dislocated shoulder last week against Buffalo, had hit on kicks of 34 and 29 yards in the second period.

Tampa Bay quarterback Doug Williams ran three yards for a third-period touchdown and then passed two yards to running back James Owens for the final TD in the fourth period. The Lions had taken a lead on two TD passes by Gary Danielson and a 3-yard scoring run by Billy Sims.

NHL Standings

WALEN CONFERENCE

Team	W	L	T	GP	GA	Pts
NY Isles	18	14	7	142	120	43
Pittsburgh	18	12	2	132	111	41
Philadelphia	16	18	8	142	116	41
NY Rangers	17	12	3	142	138	37
Pittsburgh	16	14	1	132	127	36
New Jersey	17	12	3	132	103	41

Adams Division

Buffalo	20	9	1	132	105	46
Quebec	16	12	4	142	125	44
Buffalo	14	12	6	136	118	38
Quebec	14	14	5	141	155	37
Montreal	10	20	4	113	158	24

CAMPBELL CONFERENCE

Norris Division

Chicago	23	5	4	128	109	52
St. Louis	18	7	7	132	124	43
St. Louis	12	20	4	134	143	28
Detroit	18	8	6	142	147	42
Toronto	15	12	9	136	153	41

Smythe Division

Edmonton	18	11	7	136	145	43
Winnipeg	15	12	3	132	129	33
Vancouver	12	15	7	134	161	32
Calgary	13	19	4	136	161	32
Los Angeles	13	17	2	132	139	31

Thurston Division

San Jose	11	14	1	126	141	23
San Jose	11	14	1	126	141	23
San Jose	11	14	1	126	141	23
San Jose	11	14	1	126	141	23
San Jose	11	14	1	126	141	23

Friday, Saturday: no games scheduled.



